

CITY HOLDING CO
Form 424B3
April 08, 2005
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File No. 333-123317

CLASSIC BANCSHARES, INC.

344 Seventeenth Street

Ashland, Kentucky 41101

(606) 326-2800

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 16, 2005

To the Shareholders of Classic Bancshares, Inc.:

We will hold a special meeting of the shareholders of Classic Bancshares, Inc. (Classic) on May 16, 2005, at 4:00 p.m., local time, at Park Place (formerly the AEP Kentucky headquarters building), located on the corner of 17th Street and Central Avenue, Ashland, Kentucky to consider and vote upon:

- 1. Merger Proposal.* To approve and adopt the Agreement and Plan of Reorganization dated December 29, 2004 (the Merger Agreement), by and among Classic, City Holding Company (City Holding), City National Bank of West Virginia (City National), a wholly-owned subsidiary of City Holding, and Classic Bank, a wholly-owned subsidiary of Classic, and the related merger of Classic with and into City Holding. Under the Merger Agreement, upon the completion of the transaction, shareholders of Classic will have the right to receive 0.9624 shares of City Holding common stock and \$11.08 in cash for each share of Classic common stock owned by them.
- 2. Adjournment.* To approve a proposal to adjourn the meeting to permit further solicitation of proxies in the event that an insufficient number of shares is present in person or by proxy to approve the merger.
- 3. Other Matters.* To vote upon such other matters as may properly come before the meeting or any adjournment thereof. The Board of Directors is not aware of any such other matters.

The Boards of Directors of Classic and City Holding have unanimously approved the agreement to merge Classic with and into City Holding. Among other conditions, the merger must also be approved and adopted at the special meeting of Classic s shareholders by the affirmative vote of at least a majority of the outstanding shares of Classic common stock. Only shareholders of Classic as of the close of business on March 29, 2005 may vote at the special meeting. The attached proxy statement/prospectus gives you detailed information about the merger and the other proposals and includes a copy of the Agreement and Plan of Reorganization as Annex A. You should read these documents carefully.

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You are entitled to assert dissenters' rights as set forth in Section 262 of the Delaware General Corporation Law, the text of which is included in the attached proxy statement/prospectus as *Annex C*. For a discussion of the procedures to be followed in asserting those dissenters' rights, please refer to the section entitled "Rights of Dissenting Shareholders" in the attached proxy statement/prospectus.

Whether or not you plan to attend the special meeting in person, we urge you to date, sign and return promptly the enclosed proxy card in the accompanying envelope. **YOUR VOTE IS VERY IMPORTANT.**

By Order of the Board of Directors

David B. Barbour,

President and Chief Executive Officer

Ashland, Kentucky

April 4, 2005

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**PROXY STATEMENT FOR THE SPECIAL MEETING OF
SHAREHOLDERS OF CLASSIC BANCSHARES, INC.
and
PROSPECTUS OF
CITY HOLDING COMPANY**

The boards of directors of Classic Bancshares, Inc. (Classic) and City Holding Company (City Holding) have unanimously approved an agreement to merge Classic with and into City Holding. If the merger is approved and adopted by the shareholders of Classic and all other closing conditions are satisfied, each shareholder of Classic will receive 0.9624 shares of City Holding common stock, \$2.50 par value per share, and \$11.08 in cash for each share of Classic common stock, \$.01 par value per share, owned before the merger. Each Classic shareholder will also receive cash in lieu of any fractional shares of City Holding common stock that such shareholder would otherwise receive in the merger, based on the average of the per share closing prices of a share of City Holding common stock as reported on the Nasdaq Stock Market during the ten trading days preceding the fifth calendar day prior to the effective date of the merger (City Holding Average Stock Price). The Board of Directors of both Classic and City Holding believe that the merger is in the best interests of City Holding, Classic, and their respective shareholders.

This document is a proxy statement that Classic is using to solicit proxies for use at its special shareholder meeting to be held to vote on the merger. It is also a prospectus relating to City Holding s issuance of up to 1,614,728 shares of City Holding common stock in connection with the merger.

City Holding common stock is listed for quotation on the Nasdaq National Market under the symbol CHCO. The closing price of a share of City Holding common stock on April 1, 2005, was \$29.02 per share.

Classic common stock is listed for quotation on the Nasdaq SmallCap Market under the symbol CLAS. The closing price of a share of Classic common stock on April 1, 2005, was \$39.00 per share.

For a description of certain significant considerations in connection with the merger and related matters described in this document, see Risk Factors beginning on page 20.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The shares of City Holding common stock are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

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The date of this proxy statement/prospectus is April 4, 2005, and it
is first being mailed to shareholders on or about April 8, 2005.

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HOW TO OBTAIN INCORPORATED INFORMATION

This proxy statement/prospectus incorporates important business and financial information about City Holding and Classic that is not included in or delivered with this proxy statement/prospectus. This information is available without charge to shareholders upon written or oral request made to:

For City Holding:

Victoria A. Evans
City Holding Company
25 Gatewater Road
Charleston, West Virginia 25313
(304) 769-1100

For Classic:

David B. Barbour
Classic Bancshares, Inc.
344 Seventeenth Street
Ashland, Kentucky 41101
(606) 326-2800

IN ORDER TO ASSURE TIMELY DELIVERY OF THESE DOCUMENTS, YOU MUST REQUEST THE INFORMATION NO LATER THAN MAY 9, 2005.

Also see [Where You Can Find More Information](#) on page 67.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Q: WHY DO CITY HOLDING AND CLASSIC WANT TO MERGE?

A. We want to merge because we believe the merger will benefit our community, customers, stockholders and employees. For Classic, the merger will allow its customers to access a number of products and services that are difficult for smaller institutions to offer on a cost-effective basis. In addition, it will provide additional financial and managerial resources to support growth. For Classic's stockholders, the merger will afford an increase in stockholder value as well as the opportunity to participate as a stockholder in a larger institution.

For City Holding, the merger will expand its presence into the Huntington/Ashland/Ironton MSA. In addition, City Holding was attracted by Classic's profitable business banking and impressed by the efficiency of Classic's business.

Q: WHAT WILL I RECEIVE IN THE MERGER?

A: For each share of Classic common stock you own before the merger, you will have the right to receive:

0.9624 shares of City Holding common stock; and

\$11.08 in cash.

City Holding will pay cash in lieu of issuing fractional shares equal to an amount determined by multiplying such fraction by the average of the per share closing prices of a share of City Holding common stock as reported on the Nasdaq Stock Market during the ten trading days preceding the fifth calendar day preceding the effective date of the merger (the City Holding Average Stock Price).

The following table illustrates the approximate value of what a holder of 100 shares of Classic common stock will receive in the merger, assuming varying final City Holding closing common stock prices, that City Holding common stock has a value equal to the stated closing prices of such stock, and that fractional shares will be paid based on such final closing prices. You should bear in mind that the value of City Holding common stock is subject to market fluctuations and, therefore, the value of a share of City Holding common stock as of the effective date of the merger and after the merger may differ from the value of such stock set forth below. This table uses hypothetical closing City Holding common stock prices.

**If you hold 100 shares of Classic common
stock and the final City Holding stock price is:**

| | | | |
|----------------|----------------|----------------|----------------|
| \$26.00 | \$28.00 | \$30.00 | \$32.00 |
|----------------|----------------|----------------|----------------|

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| | | | | |
|---|-------------|-------------|-------------|-------------|
| You receive cash and stock having a value of: | \$ 3,610.24 | \$ 3,802.72 | \$ 3,995.20 | \$ 4,187.68 |
|---|-------------|-------------|-------------|-------------|

As of April 1, 2005, the closing price for a share of City Holding common stock was \$29.02 and the closing price for a share of Classic common stock was \$39.00. You should obtain current market prices for shares of City Holding common stock and Classic common stock. City Holding common stock is listed on the Nasdaq National Market under the symbol CHCO. Classic common stock is listed on the Nasdaq SmallCap Market under the symbol CLAS.

Q: WHAT RISKS SHOULD I CONSIDER BEFORE I VOTE ON THE MERGER?

A: You should review Risk Factors beginning on page 20.

Q: WILL CITY HOLDING SHAREHOLDERS RECEIVE ANY SHARES OR CASH AS A RESULT OF THE MERGER?

A: No. City Holding shareholders will continue to own the same number of City Holding shares they owned before the effective date of the merger.

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Q: WHEN IS THE MERGER EXPECTED TO BE COMPLETED?

A: We are working to complete the merger as quickly as possible. We must first obtain the necessary regulatory approvals and the approvals of the Classic shareholders at the special meeting that Classic will hold for its shareholders to vote on the merger. We currently expect to complete the merger in the second quarter of 2005.

Q: WHAT ARE THE TAX CONSEQUENCES OF THE MERGER TO ME?

A: We have structured the merger so that City Holding, Classic and our respective shareholders will not recognize any gain or loss for federal income tax purposes on the exchange of Classic shares for City Holding shares in the merger except to the extent that a Classic shareholder receives cash (including cash received in lieu of fractional shares of City Holding common stock) and the excess of the cash and the fair market value of the City Holding shares received by such shareholder exceeds such shareholder's adjusted basis in the Classic shares so exchanged. At the closing, Classic is to receive an opinion confirming, subject to certain assumptions, these tax consequences. See "Material Federal Income Tax Consequences" beginning on page 53.

Your tax consequences will depend on your personal situation. You should consult your tax advisor for a full understanding of the tax consequences of the merger to you.

Q: HOW DO THE DIRECTORS PLAN TO VOTE?

A: The Agreement and Plan of Reorganization dated December 29, 2004, among Classic, City Holding, City National, and Classic Bank (the "Merger Agreement") obligates each director of Classic and of Classic Bank, in his capacity as a Classic shareholder, to vote his shares in favor of the merger. The Classic and Classic Bank directors collectively have voting power over 528,185 outstanding shares, or approximately 33.0% of the outstanding Classic common stock as of the voting record date.

Q: WILL I HAVE DISSENTERS' RIGHTS?

A: Classic shareholders will be able to dissent from the proposed merger, but only by complying with the applicable provisions of the Delaware General Corporation Law (the "DGCL"). City Holding shareholders have no dissenters' rights or other rights to demand the fair value in cash of their shares of City Holding common stock as a result of the merger.

Q: WHAT DO I NEED TO DO NOW?

A: After reading this proxy statement/prospectus, mail your signed proxy card in the enclosed return envelope as soon as possible so that your shares can be voted at the May 16, 2005 special Classic shareholder meeting, if you are a Classic shareholder.

Q: IF MY SHARES ARE HELD IN STREET NAME BY MY BROKER, WILL MY BROKER VOTE MY SHARES FOR ME?

A: Yes. Your broker will vote your shares on the merger, but only if you provide instructions on how to vote. You should contact your broker and ask what directions your broker will need from you. If you do not provide instructions to your broker on how to vote on the merger, your broker will not be able to vote your shares on the proposed merger, and this will have the effect of voting against the merger.

Q: CAN I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: Yes. You can change your vote at any time before your proxy is voted at the Classic special shareholder meeting. You can do this in one of three ways. First, you can send a written notice stating that you revoke your

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proxy. Second, you can complete and submit a new proxy card, dated a later date than the first proxy card. Third, you can attend the meeting and vote in person. Your attendance at the special shareholder meeting will not, however, by itself revoke your proxy. If you hold your shares in street name and have instructed your broker how to vote your shares, you must follow directions received from your broker to change those instructions.

Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: No. After the merger is completed, you will be sent a Letter of Transmittal and instructions for exchanging your shares of Classic common stock for shares of City Holding common stock and cash you will be entitled to receive in the merger. At that time, you should follow the instructions in the Letter of Transmittal, complete and sign it and send your stock certificates and the Letter of Transmittal to the address specified in the Letter of Transmittal.

Q: WHOM SHOULD I CALL IF I HAVE OTHER QUESTIONS ABOUT THE MERGER?

A: If you have more questions about the merger, you should contact:

Classic Bancshares, Inc.

Attn: Lisah M. Frazier

344 Seventeenth Street

Ashland, Kentucky 41101

Tel: (606) 326-2800

E-mail: Lfrazier@classicbank.com

or

City Holding Company

Attn: Victoria A. Evans

25 Gatewater Road

Charleston, West Virginia 25313

Tel: (304) 769-1100

E-mail: vikki.evans@cityholding.com

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SUMMARY

THIS SUMMARY HIGHLIGHTS SELECTED INFORMATION FROM THIS DOCUMENT AND DOES NOT CONTAIN ALL THE INFORMATION THAT IS IMPORTANT TO YOU. FOR A MORE COMPLETE UNDERSTANDING OF THE MERGER AND FOR A MORE COMPLETE DESCRIPTION OF THE LEGAL TERMS OF THE MERGER, YOU SHOULD READ THIS ENTIRE DOCUMENT CAREFULLY, AS WELL AS THE ADDITIONAL DOCUMENTS WE REFER YOU TO, INCLUDING THE MERGER AGREEMENT WHICH WE HAVE ATTACHED AS ANNEX A. SEE WHERE YOU CAN FIND MORE INFORMATION AT PAGE 67.

Matters to be Considered at Special Meeting

We are proposing a merger between Classic Bancshares, Inc. and City Holding Company, which we believe will create opportunities for the combined company to realize enhanced operations through asset growth and operating efficiencies. In the merger, each Classic shareholder will receive 0.9624 shares of City Holding common stock and \$11.08 in cash, for each share of Classic common stock they own. City Holding will pay cash, in lieu of issuing fractional shares of City Holding common stock to current holders of Classic common stock, equal to an amount determined by multiplying such fraction by the average of the per share closing prices of a share of City Holding common stock as reported on the Nasdaq Stock Market during the ten trading days preceding the fifth calendar day preceding the effective date of the merger (the City Holding Average Stock Price).

Information about City Holding Company

City Holding Company

25 Gateway Road

Charleston, West Virginia 25313

(304) 769-1100

City Holding Company, which was organized on March 12, 1981 as a West Virginia corporation, is a bank holding company headquartered in Charleston, West Virginia that primarily conducts business through its wholly-owned subsidiary, City National Bank of West Virginia (City National). Through its network of fifty-six (56) banking offices in West Virginia (fifty-four (54) offices) and Ohio (two (2) offices), City National provides credit, deposit, trust, and insurance products and services to its customers. In addition to its branch network, City National s delivery channels include ATMs, check cards, interactive voice response systems, and internet technology. City National has approximately seven percent (7%) of the deposit market share in West Virginia. The Company is the third largest bank holding company headquartered in West Virginia, based on deposit size. City Holding s business activities are currently limited to one reportable business segment, which is community banking.

No portion of City National s deposits are derived from a single person or persons, the loss of which could have a material adverse effect on liquidity, capital, or other elements of financial performance. Although no portion of City National s loan portfolio is concentrated within a single industry or group of related industries, it historically has held residential mortgage loans as a significant portion of its loan portfolio. At December 31, 2004, 57% of City Holding s loan portfolio was categorized as residential mortgage and home equity loans. However, due to the

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fractionated nature of residential mortgage lending, there is no concentration of credits that would be considered materially detrimental to City Holding's financial position or operating results.

The majority of City Holding's banking offices are located in the areas of Charleston, Huntington, Beckley, Lewisburg, and Martinsburg where there is a significant presence of other financial service providers. In its markets, City Holding competes with national, regional, and local community banks for deposit, credit, trust, and insurance customers. In addition to traditional banking organizations, City Holding competes with credit unions,

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finance companies, insurance companies and other financial service providers who are able to provide specialty financial services to targeted customer groups. Changes in laws and regulations enacted in recent years have increased the competitive environment that City Holding faces to retain and attract customers.

City Holding's internet site, www.cityholding.com, contains links to City Holding's periodic reports and all amendments, if any, to these reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. Such filings may also be obtained free of charge on the Securities and Exchange Commission's (SEC's) website, www.sec.gov, as soon as reasonably practicable after City Holding has filed the reports with the SEC.

Information about Classic Bancshares, Inc.

Classic Bancshares, Inc.

344 Seventeenth Street

Ashland, Kentucky 41101

(606) 326-2800

Classic, a Delaware corporation, is a financial holding company which has as its wholly-owned subsidiary Classic Bank, a Kentucky-chartered commercial bank. Classic was organized in 1995 by Classic Bank for the purpose of becoming the savings and loan holding company of Classic Bank in connection with Classic Bank's conversion from mutual to stock form of organization on December 28, 1995. Classic became a bank holding company effective September 30, 1996 and a financial holding company effective June 30, 2000.

As a community-oriented financial institution, Classic Bank seeks to serve the financial needs of communities in its market area through ten banking offices in Eastern and Northeastern Kentucky as well as Southeastern Ohio. Its current business strategy involves attracting deposits from the general public and using such deposits, together with other funds, to originate consumer, commercial and other loans in its market areas.

Classic faces strong competition from both banking and non-banking competition. Its banking competitors include local and regional banking companies, as well as credit unions, savings institutions and brokerage firms that provide many of the same services and products as offered by Classic. It is anticipated that strong competition from bank and non-bank competitors will continue in the future.

Classic's internet site, www.classicbank.com, contains a hyperlink to the SEC's website where Classic's periodic reports and all amendments, if any, to these reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 can be obtained free of charge on EDGAR as soon as reasonably practicable after Classic has filed the report with the SEC.

The Classic Special Meeting

The Classic special shareholders meeting will be held at Park Place (formerly the AEP Kentucky headquarters building), located on the corner of 17th Street and Central Avenue, Ashland, Kentucky, at 4:00 p.m., local time, on May 16, 2005. At the meeting, Classic's shareholders will vote upon a proposal to approve and adopt the merger and the Merger Agreement and a proposal to adjourn or postpone the meeting to allow additional time to solicit additional proxies should there not be sufficient votes in favor of the merger.

Record Date; Voting Power

You are entitled to vote at the Classic special meeting if you owned shares of Classic on March 29, 2005, the voting record date. As of that date, there were 1,598,318 shares of Classic common stock issued and outstanding held by approximately 245 shareholders of record. Each holder of Classic common stock will be entitled to one vote per share on all of the proposals and on any other matter that may properly come before the meeting.

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Vote Required

Proposal 1 The Merger. Approval by the Classic shareholders of the proposal to approve the merger and adopt the Merger Agreement requires the affirmative vote of a majority of all the outstanding shares of Classic common stock. The Merger Agreement obligates the directors of Classic and of Classic Bank, in their individual capacities, to vote in favor of the merger. Collectively, these individuals have voting power over 528,185 outstanding shares, or 33.0% of the outstanding shares of Classic common stock. Additionally, City Holding owns 63,718 shares, or approximately 4% of the outstanding shares, of Classic common stock that City Holding will vote in favor of the merger.

Proposal 2 Adjournment of the Annual Meeting. Approval by the Classic shareholders of the proposal to adjourn or postpone the meeting to allow extra time to solicit proxies requires the favorable vote of a majority of the shares voting on the matter.

Recommendation of Board of Directors

The Classic Board of Directors has unanimously approved and adopted the Merger Agreement, and recommends a vote **FOR** approval of the merger. You also should refer to the factors that the Classic Board of Directors considered in determining whether to approve and adopt the Merger Agreement on page 29.

The Classic Board of Directors also recommends a vote **FOR** the proposal to adjourn or postpone the meeting to allow extra time to solicit proxies.

Opinion of Financial Advisor to Classic

Keefe, Bruyette & Woods, Inc. (**KBW**), financial advisor to Classic, rendered an opinion dated as of December 29, 2004 to the Classic Board of Directors that, as of that date and based on and subject to the assumptions, factors and limitations set forth in the opinion, the consideration payable in the merger was fair to the Classic shareholders from a financial point of view. KBW has updated its fairness opinion to the Classic Board of Directors to the date of this proxy statement/prospectus and a copy of the updated fairness opinion, setting forth the information reviewed, assumptions made and matters considered by KBW, is attached to this document as *Annex B*. Classic shareholders should read the updated fairness opinion in its entirety.

Reasons for the Merger

Classic. Classic's Board of Directors considered several financial and non-financial factors in determining whether to approve the merger, including, among other things, Classic's future growth prospects, the price City Holding offered to the Classic shareholders, the form of consideration, the fairness opinion of its independent financial advisor, KBW, and the underlying analysis included therein, the impact of the merger on Classic's shareholders, customers, employees and on the communities in which it conducts business, City Holding's continuing commitment to the markets currently served by Classic Bank and to the other communities in which it will operate following the merger.

City Holding. The Board of Directors of City Holding considered a number of financial and non-financial factors in making its decision to merge with Classic, including its respect for the ability and integrity of Classic's Board of Directors, management and staff. The City Holding Board believes that increasing its presence in the markets currently served by Classic Bank offers long range strategic benefits to City Holding.

Terms of the Merger Agreement

THE MERGER AGREEMENT IS ATTACHED TO THIS DOCUMENT AS ANNEX A. WE ENCOURAGE YOU TO READ THE MERGER AGREEMENT IN ITS ENTIRETY. IT IS THE LEGAL DOCUMENT THAT GOVERNS THE MERGER. WE ALSO ENCOURAGE YOU TO READ THE RISK FACTORS BEGINNING ON PAGE 20.

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General. The Merger Agreement provides that Classic will merge with and into City Holding, with City Holding as the surviving corporation, and contemplates that Classic Bank will merge with and into City National, with City National as the surviving entity.

Merger Consideration. At the effective time of the merger, each share of issued and outstanding Classic common stock will be converted into the right to receive:

0.9624 shares of City Holding common stock; and

\$11.08 in cash.

Opinion of Classic's Financial Advisor. Classic was advised by KBW, which delivered a fairness opinion with respect to Classic's shareholders in connection with the merger. A copy of this fairness opinion appears as *Annex B* to this proxy statement/prospectus.

Appraisal Rights. Classic's shareholders have dissenters' rights with respect to the merger, but City Holding's shareholders do not. The text of Section 262 of the DGCL discussing dissenters' rights is attached hereto as *Annex C*.

Completion of the Merger. The merger of Classic into City Holding will become effective when we file Articles of Merger with the Secretary of State of the State of West Virginia and a Certificate of Merger with the Secretary of State of the State of Delaware, or at such later date and time as may be set forth in such Articles of Merger and Certificate of Merger. We expect the merger to become effective in the second quarter of 2005.

Conditions to the Merger. The completion of the merger depends upon the satisfaction of a number of conditions, including:

approval of the Merger Agreement by the shareholders of Classic;

approval of the agreement relating to the merger of Classic Bank into City National, by City Holding and Classic, as sole shareholders of those entities;

receipt of all necessary authorizations, orders and consents of governmental authorities and the expiration of any regulatory waiting periods and the absence of any injunction or order prohibiting consummation of the transactions contemplated by the Merger Agreement;

receipt of all third party consents required for consummation of the merger and the subsidiary merger;

the receipt by both Classic and City Holding of an opinion of Barnes & Thornburg LLP, counsel to City Holding, that the merger will be treated, for U.S. federal income tax purposes, as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and that no gain or loss will be recognized by Classic's shareholders in the merger to

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the extent they receive shares of City Holding common stock as consideration for their shares of Classic common stock;

the truth of the representations and warranties of the parties as of the effective date of the merger, except that inaccuracies arising after the date of the Merger Agreement will be disregarded if they do not have and are not likely to result in a Material Adverse Effect, as defined in the Merger Agreement.

a Closing Book Value of Classic (subject to certain adjustments as provided in the Merger Agreement and described elsewhere herein) of not less than \$36,676,000 (which was the amount of the consolidated shareholders' equity of Classic as of September 30, 2004);

David B. Barbour, President and CEO of Classic, and Lisah M. Frazier, Chief Operating Officer and Chief Financial Officer of Classic, shall have entered into three-year non-compete and non-solicitation agreements and Robert S. Curtis, Executive Vice President of Classic, shall have entered into an 18-month non-compete and non-solicitation agreement with City Holding and City National;

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the total deposit accounts of Classic (excluding all certificates of deposit and any municipal or public deposit accounts exceeding \$200,000, individually) as of the end of the month preceding the closing of the merger shall be not less than 97% of the level of such deposit accounts at September 30, 2004;

each of the non-employee directors of Classic and Classic Bank and Robert L. Bayes, Executive Vice President of Classic, shall have entered into non-competition agreements with City Holding and City National; and

other customary conditions and obligations of the parties set forth in the Merger Agreement;.

Unless prohibited by law, either City Holding or Classic could elect to waive a condition that has not been satisfied and complete the merger anyway.

Fees and Expenses. City Holding and Classic will pay their own fees, costs, and expenses incurred in connection with the merger except that printing and postage expenses for Classic's shareholder meeting will be shared.

Termination Fee. Classic and City Holding have agreed that if Classic's Board of Directors fails to recommend the approval of the Merger Agreement to the shareholders of Classic or, in good faith and after consulting with legal counsel and its financial advisor, accepts what it considers to be a superior proposal from a third party to acquire Classic, Classic shall pay to City Holding a termination fee of \$2,300,000.

Further, the Merger Agreement provides that if it is terminated for failure of Classic to receive shareholder approval of the merger after public announcement of another proposal to acquire Classic and, within 12 months after the date of termination, a change in control of Classic is consummated with a party other than City Holding, Classic shall pay a termination fee of \$2,300,000 to City Holding.

Conduct of Business Pending Merger. Under the Merger Agreement, Classic and City Holding must carry on their businesses in the ordinary course and may not take certain actions without first obtaining the other party's approval, even if the subject board of directors believes them to be in the best interests of shareholders.

Termination. Either City Holding or Classic may terminate the Merger Agreement under certain circumstances, including if:

we both consent in writing;

the merger is not completed before September 30, 2005;

we are not able to obtain required governmental approvals;

Classic's shareholders do not approve and adopt the Merger Agreement within sixty (60) days of the effectiveness of the Registration Statement;

the other party breaches in a material manner any of the representations or warranties or any covenant or agreement it has made under the Merger Agreement such that the conditions to the Merger Agreement would not be satisfied and the breach is not cured within 30 days of receiving written notice; or

any condition to a party's obligations under the Merger Agreement has not been met or waived.

Withdrawal of Classic's Board of Directors' Recommendation.

City Holding may terminate the Merger Agreement if Classic's Board of Directors withdraws, modifies or changes, in an adverse manner, its recommendation with respect to the merger or the Merger Agreement, and if this occurs City Holding will be entitled to a \$2,300,000 termination fee.

Classic may terminate the Merger Agreement if its Board of Directors accepts what it considers in good faith, after consulting with legal counsel and its financial advisor, to be a superior offer from a third party, provided that in such an event, Classic shall pay to City Holding a termination fee of \$2,300,000.

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Interests of Certain Directors and Executive Officers of Classic in the Merger

When you consider Classic's Board of Directors' recommendation, you should be aware that certain directors and executive officers of Classic have interests in the merger as employees and/or directors that are different from, and may conflict with, your interests as a shareholder of Classic. Classic's Board of Directors recognized these interests and determined that they did not affect the benefits of the merger to the Classic shareholders. See "Interests of Certain Directors and Executive Officers of Classic in the Merger" beginning at page 48.

Directors and Officers of City Holding and City National Following the Merger

Upon completion of the merger, the current directors and officers of City Holding and City National will continue to serve in such capacities.

Accounting Treatment

The merger will be accounted for using the purchase method of accounting. This means that all of the assets and liabilities of Classic will be marked to fair value. Any excess payment by City Holding over the fair value of the net tangible and identifiable intangible assets of Classic will be recorded as goodwill on the financial statements of City Holding. The results of operations of Classic will be included in City Holding's operating results from the date of the merger going forward.

Resales of City Holding Common Stock

Shares of City Holding common stock which Classic's shareholders receive in the merger will be freely transferable by the holders, except for those shares held by holders who may be affiliates. Affiliates generally include directors, executive officers, and holders of 10% or more of Classic common stock. Classic has agreed to provide to City Holding the written agreement of each person who may be deemed its affiliate that such person will not dispose of any shares of City Holding common stock he or she receives in the merger, except in compliance with the Securities Act of 1933, as amended.

Regulatory Approvals

City Holding is a registered bank holding company. City Holding filed a notice with the Federal Reserve Bank of Richmond (the "FRB") seeking a waiver of any need to file an application with the FRB. The FRB approved this waiver on February 25, 2005. City Holding has also requested approval of the merger of Classic Bank with and into City National from the Office of the Comptroller of the Currency. Classic is a registered bank holding company and a financial holding company, and Classic Bank is a Kentucky commercial bank regulated by the Kentucky Department of Financial Institutions. The Kentucky Department of Financial Institutions is also required to approve the merger. The Office of the Comptroller of the Currency approval of the mergers requires consideration of (i) the effect of the merger on competition, (ii) the managerial and financial resources and future prospects of the resulting institution, (iii) the effect of the merger on the convenience and needs of the community served, (iv) the performance of City National and Classic Bank in meeting the credit needs of the relevant communities, including low- and moderate- income neighborhoods, consistent with safe and sound banking practices, and (v) the effectiveness of City National and

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Classic Bank in combating money laundering activities. The Riegle-Neal Act imposes additional restraints with respect to (i) the age of the bank being acquired, (ii) limits on deposit concentration, (iii) Community Reinvestment Act considerations, and (iv) adequate capitalization and management. The Kentucky Department of Financial Institutions approval requires that the terms of the merger comply with Kentucky law, the financial condition or the competence, experience and integrity of City National and its principals will not jeopardize the financial stability of Classic Bank, the public convenience and advantage will be served by the merger and no federal regulatory authority with jurisdiction has disapproved the merger because of its impact on competition. Applications seeking approval from the Office of the Comptroller of the Currency and the approval of the Kentucky Department of Financial

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Institutions for the merger were filed on February 16, 2005 and were approved on March 31, 2005 and March 28, 2005, respectively. In addition, City Holding must notify The Nasdaq Stock Market, Inc. of the common stock issued to Classic shareholders and must file Articles of Merger with the West Virginia Secretary of State and a Certificate of Merger with the Delaware Secretary of State.

Comparative Per Share Data

Set forth below are the basic earnings, diluted earnings, book value and cash dividends per common share data for Classic and City Holding on a historical basis, on a pro forma combined basis, and on a pro forma equivalent per common share of Classic.

The pro forma data was derived by combining the historical consolidated financial information of Classic and City Holding using the purchase method of accounting for business combinations and assumes the merger is completed as contemplated. Under the purchase method of accounting, the tangible and identifiable intangible assets and liabilities of the company not surviving a merger are, as of the completion date of the merger, recorded at their respective fair values and added to those of the surviving company. Financial statements of the surviving company issued after consummation of the merger will reflect such values and will not be restated retroactively to reflect the historical financial position or results of operations of the company not surviving. The operating results of Classic will be reflected in City Holding's consolidated financial statements from and after the date the merger is consummated.

The Classic pro forma equivalent share information shows the effect of the merger from the perspective of an owner of Classic stock. The information was computed by multiplying the pro forma information by an exchange ratio of 0.9624 so that the per share amounts are equated to the respective amounts for one share of Classic stock. This represents the City Holding common stock Classic shareholders will receive for each share of Classic common stock exchanged. In addition, Classic shareholders will also receive \$11.08 cash per share for each share of Classic common stock. For more information, see "What Will I Receive in the Merger" on page 5.

City Holding expects that it will incur reorganization and restructuring expenses as a result of combining City Holding and Classic. While City Holding hopes that the merger will also provide the merged company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue, the pro forma combined information does not reflect these expenses or benefits and does not attempt to predict or suggest future results.

The final allocation of the purchase price will be determined after the merger is completed and after completion of thorough analyses to determine the fair values of Classic's tangible and identifiable intangible assets and liabilities as of the effective date of the merger. In addition, estimates of merger-related charges are subject to final decisions related to combining the companies. Any change in the fair value of the net assets of Classic will change the amount of the purchase price allocable to goodwill. Additionally, changes to Classic's shareholders' equity, including net income, will also change the amount of goodwill recorded. As a result, the final adjustments may be materially different from the unaudited pro forma adjustments used in preparing the pro forma information presented herein. The information in the following table is based on, and should be read together with, the historical financial information that is included in this proxy statement/prospectus, including the annexes, or presented in City Holding's and Classic's filings with the Securities and Exchange Commission (the "SEC") which are incorporated into this proxy statement/prospectus by reference. See "Where You Can Find More Information" on page 67.

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The unaudited pro forma combined data below is for illustrative purposes only. The companies may have performed differently had they always been combined. This information may not be indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the merger.

| | Year Ended |
|--------------------------------|--------------------------|
| | December 31, 2004 |
| <hr/> | |
| City Holding Historical | |
| Earnings per share: | |
| Basic | \$ 2.79 |
| Diluted | \$ 2.75 |
| Book value per share | \$ 12.99 |
| Dividends per share | \$ 0.88 |

| | Year Ended |
|---------------------------|-----------------------|
| | March 31, 2004 |
| <hr/> | |
| Classic Historical | |
| Earnings per share: | |
| Basic | \$ 2.67 |
| Diluted | \$ 2.43 |
| Book value per share | \$ 25.05 |
| Dividends per share | \$ 0.31 |

| | Year Ended |
|--|---------------------|
| | December 31, |
| | 2004 |
| <hr/> | |
| City Holding Unaudited Pro Forma Combined | |
| Earnings per share: | |
| Basic | \$ 2.69 |
| Diluted | \$ 2.66 |
| Book value per share | \$ 15.23 |
| Dividends per share ⁽¹⁾ | \$ 0.88 |

| | Year Ended |
|---|-----------------------|
| | March 31, 2004 |
| <hr/> | |
| Classic Equivalent Unaudited Pro Forma | |
| Earnings per share: | |
| Basic | \$ 2.59 |
| Diluted | \$ 2.56 |
| Book value per share | \$ 14.65 |
| Dividends per share | \$ 0.85 |

⁽¹⁾ Pro forma dividends per share represent City Holding's historical dividends per share.

Table of Contents**Comparative Market Price Information**

The following table presents quotation information for City Holding common stock on the Nasdaq National Market and for Classic common stock on the Nasdaq SmallCap Market on December 28, 2004 and April 1, 2005. December 28, 2004 was the last business day prior to our announcement of the signing of the Merger Agreement. April 1, 2005 was the last practicable trading day for which information was available prior to the date of this proxy statement/prospectus.

| | City Holding | | | Classic | | |
|-------------------|--------------|----------|----------|--------------|----------|----------|
| | common stock | | | common stock | | |
| | High | Low | Close | High | Low | Close |
| December 28, 2004 | \$ 36.80 | \$ 35.76 | \$ 36.80 | \$ 39.96 | \$ 39.96 | \$ 39.96 |
| April 1, 2005 | \$ 30.11 | \$ 28.80 | \$ 29.02 | \$ 39.06 | \$ 39.00 | \$ 39.00 |

Also set forth below for each of the closing prices of City Holding common stock on December 28, 2004, and April 1, 2005, is the equivalent pro forma price of Classic common stock, which we determined by multiplying the applicable price of City Holding common stock by the number of shares of City Holding common stock we are issuing for a share of Classic common stock, which is the exchange ratio of 0.9624, and then adding the cash portion of the merger consideration of \$11.08.

| | Classic Equivalent Pro Forma | |
|------------------------------------|------------------------------|-------|
| Closing price on December 28, 2004 | \$ | 46.50 |
| Closing price on April 1, 2005 | \$ | 39.01 |

We urge you to obtain current market quotations for City Holding common stock and Classic common stock. We expect that the market price of City Holding common stock will fluctuate between the date of this document and the date on which the merger is completed and thereafter. Because the market price of City Holding common stock is subject to fluctuation, the value of the consideration that Classic's shareholders will receive in the merger may increase or decrease prior to and after the merger.

Comparison of Shareholder Rights

The rights of holders of Classic common stock and City Holding common stock differ in certain respects. City Holding is organized under West Virginia law, whereas Classic is organized under Delaware law. Furthermore, City Holding's Articles of Incorporation and Bylaws, and not Classic's Certificate of Incorporation and Bylaws, will govern its operations following the merger. The governing documents of City Holding and Classic differ in several respects. For a detailed comparison of the differences, see Comparison of the Rights of City Holding and Classic Shareholders beginning on page 56.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA OF CITY HOLDING**

The following table sets forth selected consolidated financial condition data for City Holding at or for the five years ended December 31, 2004. The selected financial and other data of City Holding set forth below does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere herein, including, without limitation, the consolidated audited financial statements and related notes thereto appearing in City Holding's 2004 Annual Report to Shareholders, which is Exhibit 13 to City Holding's Form 10-K for the fiscal year ended December 31, 2004 which is incorporated by reference herein.

Selected Historical Data for City Holding

| | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> |
|--|--------------|--------------|--------------|--------------|--------------|
| (dollars in thousands, except per share data) | | | | | |
| Summary of Operations | | | | | |
| Total interest income | \$ 118,881 | \$ 117,290 | \$ 128,965 | \$ 177,480 | \$ 202,912 |
| Total interest expense | 31,871 | 31,785 | 42,299 | 86,415 | 113,756 |
| Net interest income | 87,010 | 85,505 | 86,666 | 91,065 | 89,156 |
| (Recovery of) provision for loan losses | | (6,200) | 1,800 | 32,178 | 25,480 |
| Total other income | 50,036 | 38,738 | 33,525 | 42,852 | 41,033 |
| Total other expenses | 66,333 | 64,498 | 69,210 | 114,405 | 158,812 |
| Income (loss) before income taxes | 70,713 | 65,945 | 49,181 | (12,666) | (54,103) |
| Income tax expense (benefit) | 24,369 | 22,251 | 16,722 | (4,651) | (15,730) |
| Cumulative effect of accounting change, net of tax | | | | (17,985) | |
| Net income (loss) | 46,344 | 43,694 | 32,459 | (26,000) | (38,373) |
| Per Share Data | | | | | |
| Net income (loss) basic | \$ 2.79 | \$ 2.63 | \$ 1.93 | \$ (1.54) | \$ (2.27) |
| Net income (loss) diluted | 2.75 | 2.58 | 1.90 | (1.54) | (2.27) |
| Cash dividends declared | 0.88 | 0.80 | 0.45 | | 0.44 |
| Book value per share | 12.99 | 11.46 | 9.93 | 8.67 | 9.68 |
| Selected Average Balances | | | | | |
| Total loans | \$ 1,337,172 | \$ 1,219,917 | \$ 1,255,890 | \$ 1,758,834 | \$ 1,969,785 |
| Securities | 705,032 | 561,437 | 515,700 | 370,434 | 370,247 |
| Deposits | 1,659,143 | 1,593,521 | 1,617,782 | 1,944,244 | 2,053,828 |
| Long-term debt | 201,218 | 109,947 | 124,874 | 119,354 | 157,008 |
| Shareholders' equity | 206,571 | 178,372 | 158,011 | 154,312 | 199,702 |
| Total assets | 2,211,853 | 2,006,992 | 2,042,164 | 2,432,349 | 2,777,019 |
| Selected Year-End Balances | | | | | |
| Net loans | \$ 1,336,959 | \$ 1,270,765 | \$ 1,175,887 | \$ 1,341,620 | \$ 1,927,532 |
| Securities | 679,774 | 704,961 | 517,794 | 383,552 | 385,462 |
| Deposits | 1,672,723 | 1,636,762 | 1,564,580 | 1,691,295 | 2,083,941 |
| Long-term debt | 148,836 | 190,836 | 112,500 | 116,828 | 122,332 |
| Shareholders' equity | 216,080 | 190,690 | 165,393 | 146,349 | 163,457 |
| Total assets | 2,213,230 | 2,214,430 | 2,047,911 | 2,116,295 | 2,671,500 |
| Selected Ratios | | | | | |
| Return on average assets | 2.10% | 2.18% | 1.59% | (1.07)% | (1.38)% |
| Return on average equity | 22.43 | 24.50 | 20.54 | (16.85) | (19.22) |
| Net interest margin | 4.29 | 4.65 | 4.68 | 4.12 | 3.66 |
| Efficiency ratio | 48.67 | 51.63 | 58.24 | 86.98 | 117.46 |
| Average equity to average assets | 9.34 | 8.89 | 7.74 | 6.34 | 7.19 |

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| | | | | | |
|--|--------|--------|--------|--------|--------|
| Dividend payout ratio | 31.54 | 30.42 | 23.32 | N/A | N/A |
| Net charge-offs to average loans | 0.27 | 0.07 | 1.75 | 1.26 | 0.61 |
| (Recovery of) provision for loan losses to average loans | | (0.51) | 0.14 | 1.83 | 1.29 |
| Allowance for loan losses to nonperforming loans | 487.28 | 528.78 | 948.24 | 164.54 | 199.88 |
| Allowance for loan losses to total loans | 1.31 | 1.66 | 2.37 | 3.50 | 2.06 |
| Full-time equivalent employees | 691 | 701 | 737 | 802 | 1,352 |

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA OF CLASSIC**

The following table sets forth selected consolidated financial condition data for Classic at or for the five years ended March 31, 2004 and the nine-month periods ended December 31, 2003 and 2004. The selected financial and other data of Classic set forth below do not purport to be complete and should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere herein, including, without limitation, the audited consolidated financial statements and related notes thereof appearing in Classic's Annual Report to Shareholders for the fiscal year ended March 31, 2004, which is attached to the proxy statement/prospectus as *Annex D* and Classic's Form 10-QSB for the fiscal quarter ended December 31, 2004 attached to this proxy statement/prospectus as *Annex E*.

Selected Historical Financial Information for Classic

| | At or For the | | At or For the Year Ended March 31, | | | | |
|---|-------------------|------------|------------------------------------|------------|------------|------------|------------|
| | Nine Months Ended | | | | | | |
| | December 31, | | | | | | |
| | 2004 | 2003 | 2004 | 2003 | 2002 | 2001 | 2000 |
| (dollars in thousands, except per share data) | | | | | | | |
| Financial Condition Data: | | | | | | | |
| Total assets | \$ 345,552 | \$ 341,452 | \$ 341,765 | \$ 249,881 | \$ 215,447 | \$ 187,860 | \$ 175,254 |
| Securities available for sale | 46,379 | 54,075 | 50,916 | 37,843 | 36,347 | 29,633 | 28,365 |
| Loans receivable, net | 263,560 | 255,071 | 257,455 | 187,175 | 160,316 | 138,862 | 127,808 |
| Deposits | 241,629 | 256,417 | 260,241 | 190,156 | 158,874 | 145,430 | 134,897 |
| FHLB advances | 49,277 | 39,051 | 34,218 | 28,126 | 27,401 | 16,636 | 17,075 |
| Stockholders' equity | 40,934 | 33,907 | 35,227 | 25,422 | 21,981 | 20,460 | 18,999 |
| Operating Data: | | | | | | | |
| Interest income | \$ 13,784 | \$ 12,671 | \$ 17,301 | \$ 14,205 | \$ 13,709 | \$ 13,697 | \$ 11,941 |
| Interest expense | 3,956 | 4,045 | 5,397 | 4,969 | 6,100 | 7,349 | 5,892 |
| Net interest income | 9,828 | 8,626 | 11,904 | 9,236 | 7,609 | 6,348 | 6,049 |
| Provision for loan losses | 462 | 158 | 223 | 428 | 363 | 261 | 223 |
| Net interest income after provision for loan losses | 9,366 | 8,468 | 11,681 | 8,808 | 7,246 | 6,087 | 5,826 |
| Noninterest income | 1,831 | 1,576 | 2,136 | 1,676 | 1,454 | 1,085 | 895 |
| Noninterest expense | 6,986 | 6,336 | 8,732 | 6,459 | 5,726 | 5,794 | 5,359 |
| Income before income taxes | 4,211 | 3,708 | 5,085 | 4,025 | 2,974 | 1,378 | 1,362 |
| Income taxes | 1,268 | 1,055 | 1,460 | 1,104 | 774 | 330 | 292 |
| Net income | \$ 2,943 | \$ 2,653 | \$ 3,625 | \$ 2,921 | \$ 2,200 | \$ 1,048 | \$ 1,070 |
| Per Share Data: | | | | | | | |
| Basic income per share | \$ 2.09 | \$ 1.98 | \$ 2.67 | \$ 2.53 | \$ 1.88 | \$ 0.87 | \$ 0.85 |

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| | | | | | | | |
|--|------|------|------|------|------|------|------|
| Diluted income per share | 1.89 | 1.80 | 2.43 | 2.32 | 1.77 | 0.86 | 0.83 |
| Dividends per share | 0.28 | 0.24 | 0.31 | 0.29 | 0.29 | 0.29 | 0.29 |
| Performance Ratios: | | | | | | | |
| Return on average assets ⁽¹⁾ | 1.2% | 1.2% | 1.2% | 1.3% | 1.1% | 0.6% | 0.6% |
| Return on average equity ⁽²⁾ | 10.5 | 11.5 | 11.4 | 12.2 | 10.3 | 5.3 | 5.5 |
| Net interest margin ⁽³⁾ | 4.4 | 4.3 | 4.3 | 4.5 | 4.4 | 4.0 | 4.3 |
| Operating (noninterest) expense to average total assets | 2.1 | 2.1 | 2.8 | 2.8 | 2.9 | 3.2 | 3.2 |
| Efficiency Ratio | 59.9 | 62.1 | 62.2 | 59.2 | 63.2 | 77.9 | 77.2 |
| Dividend payout ratio ⁽⁴⁾ | 13.4 | 12.1 | 11.6 | 11.5 | 15.4 | 33.3 | 34.1 |

Table of Contents**Selected Historical Financial Information for Classic, continued**

| | At or For the | | | | | | |
|---|-------------------|-------|------------------------------------|-------|-------|-------|-------|
| | Nine Months Ended | | | | | | |
| | December 31, | | At or For the Year Ended March 31, | | | | |
| | 2004 | 2003 | 2004 | 2003 | 2002 | 2001 | 2000 |
| (dollars in thousands, except per share data) | | | | | | | |
| Asset Quality Ratios: | | | | | | | |
| Nonperforming loans to net loans ⁽⁵⁾ | 0.6% | 0.9% | 0.6% | 0.7% | 0.4% | 0.6% | 0.6% |
| Allowance for loan losses to non-performing loans | 141.4 | 102.0 | 149.7 | 155.7 | 248.0 | 179.1 | 168.9 |
| Allowance for loan losses to gross loans | 0.9 | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 | 1.0 |

(1) Net income divided by average total assets.

(2) Net income divided by average total equity.

(3) Net interest income (tax equivalent) as a percentage of average interest-earning assets.

(4) Dividends paid divided by net income per basic share.

(5) Nonperforming loans consist of loans accounted for a nonaccrual basis and loans greater than 90 days delinquent.

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RISK FACTORS

IN ADDITION TO THE OTHER INFORMATION INCLUDED IN THIS DOCUMENT, INCLUDING THE MATTERS ADDRESSED IN A WARNING ABOUT FORWARD-LOOKING INFORMATION, YOU SHOULD CONSIDER THE MATTERS DESCRIBED BELOW CAREFULLY IN DETERMINING WHETHER TO APPROVE THE AGREEMENT.

The Value of the City Holding Common Stock You Receive May Fluctuate

Due to changes in the market price of City Holding common stock, Classic's shareholders cannot be sure of the value of the City Holding common stock they will receive. The value of City Holding shares and Classic shares at the effective time of the merger may be different from the price and value of these securities on the date the merger consideration was determined or on the date of the special meeting of Classic's shareholders. This difference could be caused by changes in the operations and prospects of City Holding or Classic, general market and economic conditions or other factors which are beyond the control of either party.

We urge you to obtain current market quotations for City Holding common stock and Classic common stock because the value of the shares you receive may be more or less than the value of such shares as of the date of this proxy statement/prospectus.

Likewise, the trading price of the merged company's common stock may be volatile. The market for City Holding common stock may experience significant price and volume fluctuations in response to a number of factors including actual or anticipated quarterly variations in operating results, changes in expectations of future financial performance, changes in estimates by securities analysts, governmental regulatory action, banking industry reform measures, customer relationship developments and other factors, many of which will be beyond City Holding's control.

Furthermore, the stock market in general, and the market for financial institutions in particular, has experienced extreme volatility that often has been unrelated to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the trading price of City Holding's common stock, regardless of actual operating performance.

City Holding's Proposed Acquisition of Classic is Subject to a Number of Conditions, Many of Which are Beyond the Control of City Holding and Classic

The completion of the merger depends on a number of conditions being satisfied. These conditions include the following:

approval by Classic's shareholders of the merger and the Merger Agreement;

approval of the merger by the necessary state and federal regulatory authorities;

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the absence of any order, injunction, decree, law or regulation that would prohibit the merger or make it illegal;

receipt by Classic of an opinion that, for U.S. federal income tax purposes, Classic's shareholders who receive their merger consideration in the form of City Holding common stock will not recognize any gain or loss as a result of the acquisition, except in connection with the payment of cash in lieu of fractional shares;

the accuracy of certain representations and warranties by the parties; and

Classic's maintenance of certain minimum capital and deposit levels.

The merger will be completed only if all conditions to the merger are satisfied or waived. Many of the conditions to the merger are beyond either party's control. City Holding and Classic cannot be certain when, or if, the conditions to the acquisition will be satisfied or waived, or that the merger will be completed.

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The Integration of Classic's Business with City Holding's Business May Be Difficult

There are uncertainties in integrating the operations of Classic into City Holding that could affect whether the merger will enhance the earnings and/or value of City Holding. The success of this merger will depend on a number of factors, including, but not limited to, the merged company's ability to:

integrate Classic's operations with the operations of City Holding;

maintain existing relationships with the depositors of Classic to minimize withdrawals of deposits subsequent to the acquisition;

maintain and enhance existing relationships with borrowers to limit losses from City Holding's loans and the loans of Classic;

achieve expected cost savings and revenue enhancements from the merged company;

control the incremental non-interest expense to maintain overall operating efficiencies;

retain and attract qualified personnel; and

compete effectively in the communities served by City Holding and Classic, and in nearby communities.

The merged company's failure to successfully integrate Classic with City Holding may harm our financial condition and results of operations. David B. Barbour, President and CEO of Classic, Lisah M. Frazier, Chief Operating Officer and Chief Financial Officer of Classic, and Robert S. Curtis, Executive Vice President of Classic, have agreed to remain with City Holding and City National, at City Holding's option, through August 31, 2005, to assist in the integration of Classic's employees, customers and operations into City Holding.

The Fairness Opinion Obtained By Classic Will Not Reflect Changes in the Relative Values of the Companies Since It Was Obtained

The fairness opinion of KBW was delivered as of December 29, 2004 and updated as of the date of this proxy statement/prospectus. Classic does not intend to obtain any further update of the KBW fairness opinion. Changes in the operations and prospects of City Holding and Classic, general market and economic conditions and other factors which are beyond the control of City Holding or Classic, on which the opinion of KBW is based, may alter the relative value of the companies. Therefore, the opinion of KBW does not address the fairness of the merger after the date of this proxy statement/prospectus, including at the time the merger will be completed.

The Merged Company's Shares of Common Stock Will Not Be FDIC Insured

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Neither the Federal Deposit Insurance Corporation nor any other governmental agency will insure the shares of City Holding common stock. Therefore, the value of your shares in City Holding will be based on their market value and may decline.

Anti-takeover Defenses May Delay or Prevent Future Mergers

Classic is subject to certain provisions in its Certificate of Incorporation and under Delaware law which may make it difficult for a third party to acquire Classic. City Holding has fewer such provisions in its Articles of Incorporation and under West Virginia law. However, City Holding has entered into a Rights Agreement with SunTrust, as its rights agent, designed to discourage the accumulation of shares in excess of 15% of City Holding's outstanding shares. This agreement could limit the price that some investors might be willing to pay in the future for shares of City Holding's common stock and may have the effect of delaying or preventing a change in control.

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An Economic Slowdown in West Virginia, Ohio and Kentucky Could Hurt Our Business

Because we will focus our business in West Virginia, Ohio and Kentucky following the merger, an economic slowdown in these states could hurt our business. An economic slowdown could have the following consequences:

loan delinquencies may increase;

problem assets and foreclosures may increase;

demand for the products and services of City National and/or Classic Bank may decline; and

collateral (including real estate) for loans made by City National and Classic Bank may decline in value, in turn reducing customers borrowing power, and making existing loans less secure.

Future Sales of Shares of City Holding Common Stock Could Negatively Affect its Market Price

Upon completion of the merger, the combined company will have approximately 18,230,935 outstanding shares of common stock of which 1,614,728 (or 8.9%) are expected to be issued to current shareholders of Classic (assuming the exercise of options for 79,496 shares of Classic common stock prior to the closing of the merger). Some of the Classic shareholders may not desire to hold the City Holding stock they receive in the merger as a long-term investment and, therefore, may seek to immediately sell their shares of City Holding common stock in the open market. Future sales of substantial amounts of City Holding's common stock, or the perception that such sales could occur, could adversely affect the market price of City Holding's common stock in the open market. We make no prediction as to the effect, if any, that future sales of shares, or the availability of shares for future sale, will have on the market price of City Holding's common stock.

City Holding and City National are Extensively Regulated

Like Classic and Classic Bank, the operations of City Holding and City National are subject to extensive regulation by federal, state and local governmental authorities and are subject to various laws and judicial and administrative decisions imposing requirements and restrictions on them. Policies adopted or required by these governmental authorities can affect City Holding's business operations and the availability, growth and distribution of City Holding's investments, borrowings and deposits. In addition, the Office of the Comptroller of the Currency periodically conducts examinations of City Holding and City National and may impose various requirements or sanctions.

Proposals to change the laws governing financial institutions are frequently raised in Congress and before bank regulatory authorities. Changes in applicable laws or policies could materially affect City Holding's business, and the likelihood of any major changes in the future and their effects are impossible to determine. Moreover, it is impossible to predict the ultimate form any proposed legislation might take or how it might affect City Holding.

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A WARNING ABOUT FORWARD-LOOKING INFORMATION

City Holding and Classic have each made forward-looking statements in this document that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of each company's management, and on information currently available to such management. Forward-looking statements include the information concerning possible or assumed future results of operations of City Holding and/or Classic set forth under Questions and Answers About the Merger and the Special Meeting, Summary, The Merger and Unaudited Pro Forma Combined Condensed Financial Information, and statements preceded by, followed by, or that include the words will, believes, expects, anticipates, intends, plans, estimates or similar expressions.

In particular, we have made statements in this document regarding expected cost savings from the merger, the anticipated effect of the merger and City Holding's anticipated performance in future periods. With respect to estimated cost savings, City Holding has made assumptions regarding, among other things, the extent of operational overlap between City Holding and Classic, the amount of general and administrative expense consolidation, costs relating to converting Classic Bank's operations and data processing to City National's systems, the amount of severance expenses, and direct merger costs. The realization of cost savings is subject to the risk that the foregoing assumptions are not accurate.

Moreover, any statements in this document regarding the anticipated effect of the merger and City Holding's anticipated performance in future periods are subject to risks relating to, among other things, the following:

City Holding may not realize expected cost savings and business synergies from the merger within the expected time frame;

City Holding's revenues following the merger may be lower than expected, or deposit attrition, operating costs or customer loss and business disruption following the merger may be greater than expected;

competitive pressures among depository and other financial institutions may increase significantly;

City Holding may experience greater than expected costs or difficulties relating to the integration of the businesses of City Holding and Classic;

changes in the interest rate environment may reduce profits;

there may be less than favorable general economic or business conditions, either nationally or in the states in which City Holding operates, resulting in, among other things, a deterioration in credit quality, a decline in real estate values, changes in capital markets, or a reduced demand for credit; and

competitors of City Holding and Classic may have greater financial resources and develop products that enable such competitors to compete more successfully than City Holding and Classic.

Management of City Holding and Classic believe these forward-looking statements are reasonable; however, you should not place undue reliance on such forward-looking statements, which are based on current expectations.

FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF PERFORMANCE. THEY INVOLVE RISKS, UNCERTAINTIES, AND ASSUMPTIONS. THE FUTURE RESULTS AND SHAREHOLDER VALUES OF CITY HOLDING FOLLOWING COMPLETION OF THE MERGER MAY DIFFER MATERIALLY FROM THOSE EXPRESSED IN THESE FORWARD-LOOKING STATEMENTS. MANY OF THE FACTORS THAT WILL DETERMINE THESE RESULTS AND VALUES ARE BEYOND CITY HOLDING'S AND CLASSIC'S ABILITY TO CONTROL OR PREDICT. FOR THOSE STATEMENTS, CITY HOLDING AND CLASSIC CLAIM THE PROTECTION OF THE SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS CONTAINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995.

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THE CLASSIC SPECIAL MEETING

Matters to be Voted on at the Special Meeting

We are furnishing this document to the shareholders of Classic in connection with the solicitation of proxies by the Classic Board of Directors for use at the special meeting of Classic shareholders, including any meeting adjournments or postponements, to be held on May 16, 2005.

The purpose of the special meeting is for you to consider and vote upon:

the approval and adoption of the Agreement and Plan of Reorganization, dated as of December 29, 2004 (the *Merger Agreement*), providing for the merger of Classic with and into City Holding, and of Classic Bank with and into City National; and

any necessary adjournment of the meeting to permit further solicitation of proxies in the event that insufficient shares are represented at the meeting.

The *Merger Agreement* is attached to this document as *Annex A* and is incorporated in this document by this reference. For a description of the *Merger Agreement*, see *The Merger Agreement* beginning on page 40.

The *Merger Agreement* provides that Classic will merge with and into City Holding. In the merger, Classic shareholders will receive 0.9624 shares of City Holding common stock and \$11.08 in cash for each share of Classic common stock that they own. Classic shareholders will also receive cash in lieu of fractional shares in an amount determined by multiplying any fraction of a share of City Holding common stock that would otherwise be issued to them in connection with the merger by the City Holding Average Stock Price.

Time and Place. Classic will hold its special meeting on May 16, 2005, at 4:00 p.m. local time, at Park Place (formerly the AEP Kentucky headquarters building), located on the corner of 17th Street and Central Avenue, Ashland, Kentucky.

Record Dates; Voting Power. If you were a Classic shareholder at the close of business on March 29, 2005, you may vote at the special meeting. As of March 29, 2005, there were 1,598,318 issued and outstanding shares of Classic common stock held by approximately 245 shareholders of record. These shareholders have one vote per share on any matter that may properly come before the special meeting. Brokers who hold shares of Classic common stock as nominees will not have discretionary authority to vote those shares on the merger without instructions from the beneficial owners. Any shares of Classic common stock for which a broker has submitted an executed proxy card but for which the beneficial owner has not given instructions on voting to such broker or for which the broker has not exercised its discretion to vote, if any, are referred to as broker non-votes.

Quorum. The presence in person or by proxy of the holders of one-third of the shares of Classic common stock outstanding on the record date will constitute a quorum for the transaction of business at the special meeting. Classic will count abstentions and broker non-votes for purposes of establishing the presence of a quorum at the special meeting.

Vote Required. The approval of the proposal to approve and adopt the Merger Agreement and the merger (Proposal 1) requires the affirmative vote of a majority of the shares of Classic common stock eligible to vote at the special meeting. Because broker non-votes and abstentions are not affirmative votes, they will have the effect of a vote against the proposal to approve and adopt the Merger Agreement and the merger.

The proposal to adjourn or postpone the special meeting for the purpose of allowing additional time for the solicitation of proxies from shareholders to approve and adopt the Merger Agreement (Proposal 2) requires a favorable vote of a majority of the shares voting on the matter. Abstentions will be treated as NO votes and, therefore, will have an effect on this proposal, while broker non-votes will have no impact on this proposal.

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On the record date, the directors and executive officers of Classic and Classic Bank, including their affiliates, had voting power with respect to an aggregate of 528,185 shares of Classic common stock, approximately 33.0% of the shares of Classic common stock then outstanding. The Merger Agreement obligates the directors of Classic and Classic Bank, in their individual capacities, to vote all of their shares in favor of the merger. Additionally, City Holding owns 63,718 shares, or approximately 4% of the outstanding shares, of Classic common stock that City Holding will vote in favor of the merger.

Recommendation of the Classic Board of Directors. The Classic Board of Directors has unanimously approved and adopted the Merger Agreement. The Classic Board of Directors believes that the merger is fair to and in the best interests of Classic and the Classic shareholders, and unanimously recommends that you vote FOR approval of the Merger Agreement and the transactions contemplated thereby (which is Proposal 1 on your proxy card).

In addition, the Classic Board of Directors unanimously recommends that you vote FOR the proposal to adjourn or postpone the meeting to allow extra time to solicit proxies, if necessary (which is Proposal 2 on your proxy card).

Solicitation and Revocation of Proxies. If you are a Classic shareholder, you should have received a proxy card for use at the Classic special meeting with this proxy statement/prospectus. Shares represented by a proxy card will be voted at the special meeting as specified in the proxy card. Proxy cards that are properly signed and dated but which do not have voting instructions will be voted by the proxy holders FOR the merger, and FOR the proposal to adjourn or postpone the Classic special meeting for the purpose of allowing additional time for the solicitation of proxies.

Properly signed and dated proxy cards will also confer on the proxy holder the power to vote in the discretion of the proxy holder as to any other matter which may properly come before the special meeting and in the discretion of the proxy holder as to any matter incident to the conduct of the meeting.

CLASSIC ASKS YOU TO VOTE BY COMPLETING, DATING AND SIGNING THE ACCOMPANYING PROXY CARD AND RETURNING IT PROMPTLY IN THE ENCLOSED, POSTAGE-PAID ENVELOPE. YOU SHOULD NOT SEND STOCK CERTIFICATES WITH YOUR PROXY CARD.

If you deliver a properly executed proxy card, you may revoke your proxy at any time before its exercise. You may revoke your proxy by:

filing with the Secretary of Classic prior to the special meeting, at the principal executive office of Classic, either a written revocation of your proxy or a duly executed proxy card bearing a later date, or

attending the special meeting and voting in person or by proxy at the meeting. Presence at the special meeting will not revoke your proxy unless you vote in person or by proxy at the meeting.

If your shares are held in the name of your broker, bank, or other nominee, and you wish to revoke your proxy, you must contact the bank or broker that holds your shares.

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Classic is soliciting proxies for use at its special meeting. Classic will bear the cost of solicitation of proxies from its own shareholders. City Holding and Classic will share equally the cost of printing and mailing this document. Classic has retained D.F. King & Co., Inc. (D.F. King) to solicit proxies on Classic s behalf. In addition to solicitation by mail, directors, officers, and employees of Classic or of D.F. King may solicit proxies from shareholders by telephone, in person or through other means. No director, officer or employee of Classic soliciting proxies will receive additional compensation, but they will be reimbursed for the reasonable out-of-pocket expenses they incur in connection with this solicitation. For acting as its proxy solicitor, Classic will pay D.F. King an aggregate fee of approximately \$5,000 plus \$4.50 per telephone call that D.F. King places at Classic s request, in addition to reimbursing D.F. King for its reasonable out-of-pocket expenses. Classic will

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also make arrangements with brokerage firms, fiduciaries and other custodians who hold shares of record to forward solicitation materials to the beneficial owners of these shares. Classic will reimburse these brokerage firms, fiduciaries and other custodians for their reasonable out-of-pocket expenses in connection with this solicitation.

Attending the Meeting. If you are a beneficial owner of Classic common stock held by a broker, bank or other nominee (i.e., in street name), you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of Classic common stock held in street name in person at the meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

Participants in Classic's ESOP. If you participate in the Classic Bank Employee Stock Ownership Plan, you will receive a voting instruction form that reflects all shares you may vote under the plan. Under its terms, all shares held in the employee stock ownership plan will be voted by the employee stock ownership plan trustee, but each participant in the employee stock ownership plan may direct the trustee how to vote the shares of Classic common stock allocated to his or her employee stock ownership plan account. Unallocated shares of Classic common stock held by the employee stock ownership plan trust for which no timely voting instructions are received will be voted by the trustee in the manner directed by the majority of participants who directed the trustee with respect to the voting of their shares. If a participant fails to give timely voting instructions with respect to allocated shares, the trustee is entitled to vote such shares in its discretion. The deadline for returning your voting instructions to the trustee is May 9, 2005.

Participants in Classic's Employee Savings & Profit Sharing Plan and Trust (401(k) Plan). If you participate in the Classic Bancshares, Inc. Employee Savings & Profit Sharing Plan and Trust (401(k) Plan), you will receive a confidential voting instruction form that will permit you to direct the administrative committee how to vote shares of Classic stock credited to your stock fund account in the 401(k) Plan. Under the 401(k) Plan, the administrative committee will direct the trustee of the 401(k) Plan to vote shares in accordance with the instructions received from the participants in the 401(k) Plan. If you do not properly complete or sign the voting instruction form, or if your voting instruction form is not timely received, the 401(k) Plan trustee will vote your shares as directed in the administrative committee's discretion. The deadline for returning your voting instruction form is May 9, 2005.

Other Matters. Classic is unaware of any matter to be presented at its special meeting other than the proposals to (1) approve and adopt the merger and the Merger Agreement, and (2) if necessary, adjourn or postpone the special meeting for the purpose of soliciting additional proxies. If other matters are properly presented at the special meeting, the persons named in the proxy will have authority to vote all properly executed proxies in accordance with their judgment on any such matters, including, without limitation, any proposal to adjourn or postpone the special meeting for any purpose other than to allow time for the solicitation of additional proxies. Proxies that have been designated to vote against approval of the merger will not be voted in favor of any proposal to adjourn or postpone the special meeting for the purpose of soliciting additional proxies to approve the merger unless the shareholder so indicates on the proxy card.

Voting Securities and Certain Holders Thereof

Stockholders of record as of the close of business on March 29, 2005 will be entitled to one vote for each share of Classic common stock then held. As of that date, Classic had 1,598,318 shares of Classic common stock outstanding. The following table sets forth information regarding share ownership of those persons or entities known by management to beneficially own more than five percent of Classic's common stock and all directors and executive officers of the Classic as a group.

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| Beneficial Owner | Shares | |
|---|------------------------------|-------------------------|
| | Beneficially Owned | Percent of Class |
| Classic Bancshares, Inc. Employee Stock Ownership Plan 344 Seventeenth Street Ashland, Kentucky 41101 | 106,975 ⁽¹⁾ | 6.69% |
| National City Corp. 1900 East Ninth Street Cleveland, Ohio 44114 | 92,455 ⁽²⁾ | 6.00 |
| Tontine Financial Partners, L.P. 200 Park Avenue, Suite 3900 New York, NY 10166 | 131,954 ⁽³⁾ | 8.56 |
| David B. Barbour 344 Seventeenth Street Ashland, Kentucky | 107,172 ⁽⁴⁾ | 6.71 |
| Directors and executive officers of Classic as a group (12 persons) | 519,187⁽⁵⁾ | 29.68 |

- (1) The amount reported represents shares held by the ESOP, 45,914 of which have been allocated to accounts of participants. First Bankers Trust Company, N.A., Quincy, Illinois, the trustee of the ESOP, may be deemed to beneficially own the shares held by the ESOP which have not been allocated to accounts of participants. Participants in the ESOP are entitled to instruct the trustee as to the voting of shares allocated to their accounts under the ESOP. Unallocated shares held by the ESOP are voted by the trustee in the same manner that the trustee is instructed to vote by a majority of the plan participants who instruct the trustee as to the manner of voting the shares allocated to their plan accounts.
- (2) As reported by National City Corp. in a statement filed with the Securities and Exchange Commission on February 14, 2005 on Schedule 13G/A under the Exchange Act. National City Corp. reported shared dispositive power over 92,455 shares.
- (3) As reported by Tontine Financial Partners, L.P., Tontine Management, L.L.C., and Jeffrey L. Gendell in a statement filed with the Securities and Exchange Commission February 4, 2005 on Schedule 13G/A under the Exchange Act. Tontine Financial Partners, L.P., Tontine Management, L.L.C. and Jeffrey L. Gendell reported shared power to vote or direct the vote of 131,954 shares.
- (4) The amount includes 6,336 shares allocated to his ESOP account and 3,150 shares held in his 401(k) plan account.
- (5) Amount includes shares held directly, as well as shares held jointly with family members, shares held in retirement accounts, 19,343 shares allocated to the ESOP accounts of the group members, shares held in a fiduciary capacity or by certain family members, with respect to which shares the group members may be deemed to have sole or shared voting and/or dispositive power. The amount reported above also includes 150,940 shares subject to options currently exercisable or which will become exercisable within 60 days of March 29, 2005, awarded under Classic's 1996 Stock Option and Incentive Plan (the 1996 Stock Option Plan), Classic's 1998 Premium Price Stock Option Growth Plan (the 1998 Stock Option Plan), Classic's 2001 Premium Price Stock Option Growth Plan (the 2001 Stock Option Plan) and Classic's 2003 Premium Price Stock Option Growth Plan (the 2003 Stock Option Plan).

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PROPOSAL 1 THE MERGER

THE DETAILED TERMS OF THE MERGER ARE CONTAINED IN THE AGREEMENT AND PLAN OF REORGANIZATION ATTACHED AS *ANNEX A* TO THIS DOCUMENT WHICH IS REFERRED TO HEREIN AS THE MERGER AGREEMENT. THE FOLLOWING DISCUSSION AND THE DISCUSSION UNDER THE MERGER AGREEMENT DESCRIBE THE MORE IMPORTANT ASPECTS OF THE MERGER AND ALL OF THE MATERIAL TERMS OF THE MERGER AGREEMENT. THESE DESCRIPTIONS ARE QUALIFIED BY REFERENCE TO THE MERGER AGREEMENT, WHICH WE ENCOURAGE YOU TO READ CAREFULLY.

Structure of the Merger

General. The Merger Agreement provides that, after approval by the shareholders of Classic and the satisfaction or waiver of the other conditions to the merger, Classic will merge with and into City Holding. It is anticipated that, immediately after the merger, Classic Bank will merge with and into City National. The Articles of Incorporation and Bylaws of City Holding, as in effect immediately prior to the merger, will be the Articles of Incorporation and Bylaws of City Holding after the merger. The Articles of Association and Bylaws of City National, as in effect immediately prior to the subsidiary merger of Classic Bank with and into City National, will be the Articles of Association and Bylaws of City National after this subsidiary merger.

The directors and officers of City Holding and City National immediately prior to the merger will be the directors and officers of City Holding and City National, respectively, after the merger until they resign or until their respective successors are duly elected and qualified.

Timing of Closing. The closing of the merger will occur on the fifth trading day following the receipt of all required regulatory and shareholder approvals and the expiration of all required waiting periods or on such other date as the parties may agree in writing. The merger will become effective when Articles of Merger are filed with the Secretary of State of the State of West Virginia and a Certificate of Merger is filed with the Secretary of State of the State of Delaware or at such later date and time as may be specified in the Articles of Merger and the Certificate of Merger. The parties anticipate that the merger will be completed during the second quarter of 2005. The subsidiary merger is anticipated to close on the effective date of the merger or as soon as possible thereafter in accordance with a date specified by the Office of the Comptroller of the Currency.

Conversion of Shares. At the effective time of the merger, each share of issued and outstanding Classic common stock will cease to be outstanding and (excluding any shares held as treasury stock by Classic and shares held by City Holding, except for shares held by City Holding in a fiduciary capacity or in satisfaction of a debt) will be converted into the right to receive 0.9624 shares of City Holding common stock and \$11.08 in cash.

If City Holding changes (or establishes a record date for changing) the number of outstanding shares of City Holding common stock before the merger through any stock split, stock dividend, recapitalization or similar transaction, then City Holding will proportionately adjust the 0.9624 conversion ratio.

We expect that the market price of City Holding common stock will fluctuate between the date of this document and the date of the merger and thereafter. Because the number of shares of City Holding common stock Classic shareholders may elect to receive in exchange for each Classic share is fixed and the market price of City Holding common stock may fluctuate, the value of the merger consideration that Classic shareholders

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will receive in the merger may increase or decrease prior to and after the merger. Classic shareholders should obtain current market quotations for City Holding common stock and Classic common stock.

Treatment of Stock Options. The Merger Agreement provides that each option to acquire shares of Classic common stock outstanding on the effective date of the merger will be converted into the right to receive from City Holding, at the effective time, an amount in cash equal to the sum of the City Holding Average Stock Price, as defined below, times 0.9624 plus \$11.08 minus the per share exercise price for each share of Classic common stock subject to such an option. The City Holding Average Stock Price equals the average of the per share closing price of

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a share of City Holding common stock as reported on the Nasdaq Stock Market's National Market during the ten trading days preceding the fifth calendar day preceding the effective date of the merger. The outside directors of Classic hold stock options for 109,435 shares of Classic common stock which they have agreed not to exercise prior to the closing of the merger so these options will be cashed out for approximately \$2.15 million (based on an estimated City Holding Average Stock Price of \$30.39 per share). There are options for an additional 79,496 shares which are currently outstanding and which may be exercised prior to the closing of the merger. If all of these shares were cashed out at closing, assuming a City Holding Average Stock Price of \$30.39, City Holding would pay an aggregate of approximately \$2.07 million to cash out those options.

Tax Opinion. The Merger Agreement establishes as a condition to the closing of the merger of Classic with and into City Holding, among other items, a requirement that Barnes & Thornburg LLP, counsel to City Holding, shall have provided an opinion stating that, subject to certain assumptions, the proposed merger constitutes a reorganization within the meaning of Section 368 of the Code and that shareholders of Classic will not recognize gain or loss in the merger to the extent they receive shares of City Holding common stock as consideration in exchange for their shares of Classic common stock.

Classic's Reasons for the Merger

Classic's Board of Directors believes that the merger is in the best interests of Classic shareholders. Classic's Board of Directors considered a number of factors in deciding to approve and recommend the terms of the merger to Classic shareholders, including:

the financial condition, results of operations and future prospects of Classic and City Holding;

the value of the consideration to be received by Classic shareholders relative to the book value and earnings per share of Classic common stock;

Classic's Board of Directors' belief that, in order to support continued growth, Classic would need to significantly expand its executive staff in the next several years;

the challenge of sustaining growth in a relatively slow growing economic market;

the decreasing number of available acquisition targets for Classic;

the mergers and acquisitions market, including the relatively high current level of merger pricing on a historical basis;

the competitive and regulatory environment for financial institutions generally;

the fact that Classic shareholders will be able to exchange their Classic common stock for shares of common stock and cash of a company which, on a pro forma basis, will be a larger and more diversified entity, the stock of which may be more widely held and more actively traded;

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the likelihood of receiving requisite regulatory approvals;

the prospects for growth and expanded products and services, and other anticipated positive impacts on the employees, customers and communities served by Classic Bank;

the opinion delivered by KBW that the merger consideration is fair, from a financial point of view, to the shareholders of Classic;

the interests of Classic's and Classic Bank's directors and executive officers in the merger, in addition to their interests as shareholders, as described under "Interests of Certain Directors and Executive Officers of Classic in the Merger" beginning on page 48;

the results of the due diligence investigation of City Holding and City National, including assessments of asset quality, interest rate risk, litigation and adequacy of loan loss reserves;

the potential for appreciation in the value of City Holding common stock;

the compatibility of City Holding's and Classic's management and business philosophies;

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Classic Board of Directors also considered the following factors that potentially created risks if the board decided to approve the merger:

the possibility that integrating the operations of Classic and City Holding may be more difficult than expected, resulting in the disruption of City Holding's on-going business and therefore the creation of an unfavorable market perception of the value of the combined entity;

the possibility that deposit attrition, customer loss and operating costs following the merger may be greater than expected; and

the other risks described in this proxy statement/prospectus under **Risk Factors** and **A Warning About Forward-Looking Information**.

Classic's Board of Directors concluded that the anticipated benefits of merging with City Holding were likely to substantially outweigh the risks discussed above.

The Classic Board of Directors recognized that there could be no assurance about future results, including results expected or considered in the factors listed above, such as estimated revenue enhancements, cost savings and earnings accretion. The above discussion of the information and factors considered by the Classic Board of Directors is not exhaustive, but includes material factors considered by the Classic Board of Directors. In view of the wide variety of factors considered by the Classic Board of Directors in connection with its evaluation of the merger and the complexity of these matters, the Classic Board of Directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. Individual directors may, however, have given differing weights to different factors. The Classic Board of Directors conducted a discussion of the factors described above, including asking questions of Classic's management and legal and financial advisors and reached a consensus that the merger was in the best interests of Classic and its shareholders. The Classic Board of Directors also gave weight to the experience and expertise of KBW for a quantitative analysis of the financial terms of the merger. See **The Merger Opinion of Financial Advisor to Classic**.

THE BOARD OF DIRECTORS OF CLASSIC HAS UNANIMOUSLY APPROVED THE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY.

City Holding's Reasons for the Merger

In approving and adopting the Merger Agreement, the City Holding Board of Directors considered a number of factors concerning the benefits of the merger. Without assigning any relative or specific weights to the factors, the City Holding Board of Directors considered the following material factors:

City Holding's respect for the ability and integrity of the Classic and Classic Bank Board of Directors, management, and staff, and City Holding's belief that expanding its presence in the states and counties in which Classic Bank conducts its business offers important long range strategic benefits to City Holding;

a review of (1) the business, operations, earnings and financial condition of Classic and Classic Bank, including the capital levels and asset quality, on an historical, prospective and pro forma basis, (2) the demographic, economic, and financial characteristics of

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Classic Bank's customer base and the markets in which Classic conducts its business, as well as existing competition, the history of the market area with respect to financial institutions, and average demand for credit, on an historical and prospective basis, and (3) the results of City Holding's due diligence review of Classic and Classic Bank;

the types of business that City Holding and Classic provide and the expanded products and services that City Holding can provide as a result of combining the two organizations. City Holding's Board believes that City Holding and Classic have similar business philosophies and ability to grow as a strong community institution;

City Holding's long familiarity, from the vantage point of a competitor, with Classic Bank's markets and operations;

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the integration of an in-market strategic partner presents opportunities to recognize significant synergies, operating efficiencies and cost savings;

the Classic franchise meets the evaluation criteria utilized by City Holding in evaluating potential strategic partners;

City Holding's judgment that its cost rationalization plan would improve the fundamental profitability of City Holding; and

a variety of factors affecting and relating to the overall strategic focus of City Holding and its desire to expand the mortgage lending and other business lines pursued by Classic Bank and City National.

The foregoing discussion of the information and factors considered by the board is not intended to be exhaustive, but constitutes the material factors considered by the board. In reaching its determination to approve and recommend the Merger Agreement, the board did not assign any relative or specific weights to the foregoing factors, and individual directors may have weighed factors differently. The terms of the Merger Agreement were the product of arm's length negotiations between representatives of City Holding and Classic.

The board of directors of City Holding has unanimously approved the Merger Agreement and the transactions contemplated thereby.

Funding of the Merger

City Holding estimates paying approximately \$22.1 million in cash for outstanding Classic shares and for certain options expected to be cashed out in connection with the merger which will be provided from City Holding's internal funds.

Background of the Merger

Since Classic's initial public offering on December 29, 1995, its board of directors and management have from time to time reviewed various strategic options available to Classic, including, among other things, continued independence, the acquisition of other institutions and mergers with other institutions. Classic's Board of Directors and management have also prepared and updated on an annual basis a business plan and budget. In addition, Classic's Board of Directors has also periodically compared quantitative measures of Classic's performance with those of other financial institutions and monitored the local financial institutions market.

Since its initial public offering, Classic has enjoyed strong growth in its retail franchise and earnings which have been reflected in a concomitant increase in stockholder value. During recent years, Classic's Board of Directors has become concerned that Classic may not be able to maintain this momentum at current levels due to certain operational and other challenges.

At the time of its initial public offering, Classic was a small, one-office, thrift institution with no ATMs, a simple S&L philosophy and approximately eight employees. Its senior management consisted of Messrs. Barbour and Curtis and Ms. Frazier. By December 31, 2004, although Classic had grown into a significant commercial bank with ten offices, 21 ATMs and approximately 109 employees, its executive staff

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has not increased. In order to support Classic's future growth as an independent institution, Classic's Board of Directors believes that it would be necessary over the next several years to increase the size of its executive staff. However, Classic's Board of Directors believes that this would be very difficult to accomplish on a cost effective basis.

A second challenge for Classic is growth. Because Classic is located in low-growth markets, Classic has relied historically on acquisitions of other institutions to drive growth. Between 1996 and 2003, Classic implemented three acquisitions of other institutions. However, although Classic has diligently pursued acquisition opportunities in recent years, it has found the price competition for acquisitions increasingly aggressive.

Another concern of Classic's Board of Directors is the increasing expense of operating a financial institution in the current environment. In particular, the Classic Board in recent years has noted increasing costs for technology and regulatory compliance. Finally, the Classic Board has become concerned that future stock price gains could be limited by cyclical changes in the bank stock markets.

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As a result of the above concerns, the Classic Board has given increased consideration in its strategic planning discussions in recent years to a merger with a third party.

City Holding, as part of its ordinary course of business as a publicly traded bank holding company, has pursued opportunities to increase shareholder and franchise value on an ongoing basis. As part of this effort to increase franchise and shareholder value, City Holding has over the course of several years evaluated numerous strategic alternatives. One of City Holding's strategic objectives is to execute in-market acquisitions of community banks and thrifts.

RBC Capital Markets (RBC), as part of its investment banking business, is regularly engaged in the evaluation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, and distributions of listed and unlisted securities. RBC is familiar with the market for common stocks of publicly traded banks and bank holding companies.

In December 2003, KBW had an informal discussion with representatives of City Holding regarding the possibility of an affiliation between Classic and City Holding. A follow-up introductory meeting among representatives of Classic, City Holding and KBW was held in January 2004. Classic's Board of Directors was informed of this meeting and instructed management to continue its discussions as appropriate.

In February of 2004, City Holding approached RBC about reviewing several potential acquisitions, including a possible deal with Classic. On February 23, 2004, RBC provided City Holding with an analysis of markets, financial performance, demographics and other considerations with regard to several potential acquisition partners for City Holding, including Classic. On April 26, 2004, City Holding determined that a potential strategic partnership with Classic merited further consideration and retained RBC in connection with the potential acquisition. From May to August, 2004, City Holding and RBC performed detailed analyses of various possible transaction structures and prices.

On June 14, 2004, in connection with its budgeting and strategic planning efforts, Classic's Board of Directors had a wide-ranging discussion of Classic's future. In particular, Classic's Board of Directors discussed the factors discussed above as well as informal merger inquiries which management had received from City Holding and others. Based on this review, Classic's Board of Directors instructed management to invite Classic's investment banker, KBW, to address its next meeting.

On July 21, 2004 Classic's Board of Directors met with KBW and had an extensive discussion of strategic planning issues including Classic's strategic options, its value in various merger scenarios (including with City Holding) and possible acquisitions. At the meeting, Classic's Board of Directors authorized management to make a proposal to acquire certain deposits of another institution within its market area as well as to continue informal discussions with City Holding. These matters were discussed again at board meetings on July 26, 2004 and August 16, 2004.

On August 12, 2004, David Barbour and Lisah Frazier of Classic met with Charles R. Hageboeck of City Holding to discuss the two institutions strategic goals and philosophy as well as their operations. At the meeting, the parties discussed the possibility that City Holding might submit to Classic a letter of interest for a merger.

On September 2, 2004, City Holding delivered a preliminary, non-binding letter of interest with respect to Classic to KBW, outlining preliminary transaction terms including price. Shortly thereafter, City Holding provided Classic with its formal due diligence requests. Additional due diligence was conducted between September 22, 2004 and October 1, 2004.

On September 8, 2004, Classic's Board of Directors met at a special meeting with representatives of KBW and its legal counsel. The Classic Board discussed its own fiduciary duties as well as the operational challenges facing Classic. The Classic Board also considered various strategic alternatives to continue to build stockholder value including changes in Classic's operations and/or structure, additional acquisitions of other institutions and

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a strategic alliance with a third party. The Board also reviewed the current merger market and the stock market as a whole and noted that both bank trading and merger stock prices were at high levels on a historical basis.

Classic's Board of Directors also reviewed City Holding and its September 2, 2004 merger proposal at length. In addition, the Classic Board of Directors reviewed an analysis of the merger price that could be paid by other possible merger partners. After extensive review, the Classic Board concluded that it was in the best interests of stockholders to at least explore a merger transaction. However, while Classic's Board of Directors believed that the City Holding proposal was attractive, it believed that the possibility that other merger partners would pay a higher price to the Classic stockholders as well as the unresolved issues related to the City Holding proposal dictated that it would be in the best interests of stockholders to assess first the interest of other possible merger partners. Accordingly, it authorized KBW and management to prepare a confidential offering memorandum outlining the financial and operational characteristics of Classic and send it to certain other institutions which had been identified as potential merger partners.

On September 21, 2004, City Holding's legal counsel circulated a first draft of a definitive merger agreement to City Holding and its advisors.

On October 1, 2004, a first draft of the definitive agreement was provided to Classic and its advisors, which left the purchase price and certain other terms unspecified as the analyses of information obtained during the due diligence investigation had not been completed by City Holding and its advisors.

On October 6, 2004, City Holding's management met with Bob Ernst of Ernst & Webb to discuss that company's role in assisting with the integration of the acquisition of Classic.

During mid-October 2004, City Holding submitted a revised letter of interest to Classic which addressed several outstanding unresolved issues from the previous letter of interest. Shortly thereafter, a representative of KBW advised RBC that Classic wished to postpone negotiations with City Holding.

During late October and early November 2004, KBW contacted ten bank and thrift holding companies about a potential strategic alliance with Classic. Of the ten companies contacted, six executed confidentiality agreements and were sent Classic's confidential memorandum. Since none of the potential partners evidenced an interest to pursue discussions at a price as high as City Holding's, Classic's management instructed KBW to advise RBC that Classic would like to renew negotiations with City Holding. This contact was made on November 9, 2004. Shortly thereafter, City Holding requested additional due diligence information concerning Classic.

On December 17, 2004, City Holding's legal counsel distributed a draft definitive agreement to Classic and its advisors. Negotiations on the agreement including the pricing and the amount and nature of the merger consideration continued for the next week or so.

On December 20, 2004 at its regular meeting, Classic's Board of Directors had a wide-ranging discussion regarding Classic's future strategic options, its operational challenges and the merger process to date. After extensive discussions, Classic's Board of Directors authorized management to continue negotiations on the proposed merger agreement with City Holding.

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On December 28, 2004, the Classic and Classic Bank boards met to consider Classic's strategic position. At the meeting, which was also attended by KBW and Classic's counsel, the boards reviewed at length Classic's current business plan, its strategic alternatives, the merger process to-date and the proposed merger agreement. The boards also reviewed extensive information regarding City Holding on a stand-alone and pro forma basis as well as a valuation of Classic based on several different analytical frameworks. In addition, KBW also delivered a presentation of the factors it would review in connection with the delivery of a fairness opinion. Finally, the Classic and Classic Bank boards reviewed other corporate actions related to the merger with City Holding including the advancement of a portion of Mr. Barbour's termination payment in order to reduce by a significant amount taxes under Section 280G of the Internal Revenue Code. After very extensive discussions, the Classic and Classic Bank boards determined not to make a decision regarding the City Holding merger until their meeting scheduled for the following day.

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On December 29, 2004, the Classic Board and the Classic Bank board met in a special meeting to consider Classic's future strategic options. Also in attendance were KBW and Classic's counsel. At the meeting, the boards considered Classic's future business plan, its operational challenges, the value of Classic under several analytical frameworks, the pro forma value of City Holding's shares, the terms of the proposed merger agreement and the merger process. In addition, KBW delivered its opinion that, from a financial point of view, the merger consideration was fair to Classic's stockholders. Following a thorough discussion, the Classic Board and the Classic Bank board voted unanimously to approve the definitive agreement and related agreements for the merger with City Holding.

On December 29, 2004, City Holding's Board of Directors met with City Holding's management, representatives of RBC and City Holding's legal counsel. At this meeting, City Holding's legal counsel reviewed the terms of the definitive agreement and other relevant documents and the contemplated transaction. After a thorough discussion of the transaction, the City Holding board unanimously approved the definitive agreement and authorized execution of the definitive agreement and related documents.

The execution of the definitive agreement by Classic, City Holding, Classic Bank and City National was announced publicly on December 29, 2004.

Effects of the Merger

The Boards of Directors of City Holding and Classic believe that, over the long-term, the merger will be beneficial to City Holding shareholders, including the current shareholders of Classic who will become City Holding shareholders if the merger is completed.

The City Holding Board of Directors believes that one of the potential benefits of the merger is the cost savings that may be realized by combining the two companies, which savings are expected to enhance City Holding's earnings. City Holding expects to reduce expenses by combining accounting, data processing, retail and lending support, and other administrative functions after the merger, which will enable City Holding to achieve economies of scale in these areas. Promptly following the completion of the merger, which is expected to occur during the second quarter of 2005, City Holding plans to begin the process of eliminating redundant functions, and eliminating duplicative expenses.

The amount of any cost savings City Holding may realize in 2005 will depend upon how quickly and efficiently City Holding is able to implement the processes outlined above during the year. Actual savings in some or all of the areas identified above could be higher or lower than is currently expected.

Opinion of Financial Advisor to Classic

KBW was retained by Classic on March 24, 2004 to evaluate strategic planning and shareholder enhancement alternatives. KBW, as part of its investment banking business, is regularly engaged in the evaluation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, and distributions of listed and unlisted securities. KBW is familiar with the market for common stocks of publicly traded banks, savings institutions and bank and savings institution holding companies. The Classic Board of Directors selected KBW on the basis of the firm's reputation and its experience and expertise in transactions similar to the merger. Except as described herein, KBW is not affiliated with Classic, City Holding or their respective affiliates.

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Pursuant to its engagement, KBW was asked to render an opinion as to the fairness, from a financial point of view, of the merger price to Classic s shareholders. KBW delivered a fairness opinion dated as of December 29, 2004 to Classic s Board of Directors that the merger price is fair to the Classic shareholders from a financial point of view. KBW has also delivered a written opinion dated April 4, 2005 to Classic s Board of Directors which is substantially identical to the December 29, 2004 opinion. In rendering its updated opinion, KBW

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confirmed the appropriateness of its reliance on the analyses used to render its earlier opinion by reviewing the assumptions upon which its analyses were based, performing procedures to update certain of its analyses and reviewing the other factors considered in rendering its opinion. No limitations were imposed by Classic upon KBW with respect to the investigations made or procedures followed by KBW in rendering its opinion.

The full text of the updated opinion, which sets forth certain assumptions made, matters considered and limitations on the reviews undertaken, is attached as *Annex B* to this proxy statement/prospectus and should be read in its entirety. KBW has consented to the following summary of its opinion and to the entire opinion being attached hereto as *Annex B*. The summary of the opinion of KBW set forth in this proxy statement/prospectus is qualified in its entirety by reference to the opinion. Such opinion does not constitute a recommendation by KBW to any Classic shareholder as to how such shareholder should vote with respect to the merger.

In rendering its opinion, KBW performed the following acts:

(1) reviewed the financial and business data which Classic supplied to it, including annual reports for the years ended March 31, 2004, 2003 and 2002, proxy statements for the years ended March 31, 2004, 2003 and 2002 and Classic's unaudited financial information for the quarters ended June 30, September 30, and December 31, 2004;

(2) reviewed City Holding's annual reports and proxy statements for the years ended December 31, 2004, 2003, 2002 and 2001;

(3) discussed with senior management and Classic's Board of Directors the current position and prospective outlook for Classic;

(4) considered historical quotations and the prices of recorded transactions in Classic's common stock and reviewed the financial and stock market data of other banking institutions, particularly Southeastern and Mid-Atlantic commercial banks and/or bank holding companies with assets between \$300 and \$350 million;

(5) considered historical quotations and the prices of recorded transaction in City Holding common stock and reviewed the financial and stock market data of other bank holding companies, particularly Southeastern and Mid Atlantic commercial banks and/or bank holding companies with assets between \$1.5 billion and \$3.0 billion;

(6) reviewed the financial and structural terms of several other recent transactions involving mergers and acquisitions of commercial banking institutions or proposed changes of control of comparably situated companies; and

(7) reviewed certain other information which it deemed relevant.

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In rendering its opinion, KBW assumed and relied upon the accuracy and completeness of the information provided to it by Classic and City Holding and obtained by it from public sources. In its review, with the consent of Classic's Board of Directors, KBW did not undertake any independent verification of the information provided to it, nor did it make any independent appraisal or evaluation of the assets and liabilities of Classic or City Holding, or of potential or contingent liabilities of Classic or City Holding. With respect to the financial information, including forecasts received from Classic, KBW assumed (with Classic's consent) that such information had been reasonably prepared reflecting the best currently available estimates and judgment of Classic's management. KBW also assumed that no restrictions or conditions would be imposed by regulatory authorities that would have a material adverse effect on the contemplated benefits of the merger to Classic or the ability to consummate the merger.

Comparable Company Analysis for Classic

KBW used publicly available information to compare selected financial and market trading information for Classic and a group of selected financial institutions. The comparable group of financial institutions consisted of

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thirteen commercial banks and/or bank holding companies that conducted operations in the Mid Atlantic and Southeast Region and contained the following institutions:

| | |
|---------------------------------|---------------------------------------|
| Bay Banks of Virginia, Inc. | Capital Bancorp, Inc. |
| CCF Holding Company | Citizens Bancshares Corporation |
| Citizens National Corporation | Commonwealth Bancshares, Incorporated |
| Crescent Financial Corporation | First National Bancshares, Inc. |
| Frontier National Corporation | Georgia-Carolina Bancshares, Inc. |
| Hampton Roads Bankshares, Inc. | New Century Bancorp, Inc. |
| Southwest Financial Corporation | |

The analysis compared publicly available financial information for Classic for the twelve-month period ended September 30, 2004 and the financial data of Classic was compared to the median value of the publicly traded comparable group. The table below sets forth the comparative data as of and for the twelve-month trailing period ended September 30, 2004, with pricing data as of December 21, 2004:

Comparable Group Analysis

| | Classic | Comparable Group Median |
|--|----------|----------------------------|
| Total Assets (millions) | \$ 339.9 | \$ 325.6 |
| Tangible Equity/Assets | 8.52% | 7.48% |
| Loans/Deposits | 107.40% | 92.47% |
| Net Interest Margin | 4.31% | 4.00% |
| Efficiency Ratio | 59.22% | 65.92% |
| Non Performing Loans/Total Loans | 0.51% | 0.60% |
| Loan Loss Reserves/Non Performing Loans | 168.67% | 180.57% |
| Non Performing Assets/Total Assets | 0.59% | 0.54% |
| Loan Loss Reserves/Total Loans | 0.86% | 1.28% |
| Loan Loss Reserves/Non Performing Assets | 111.47% | 169.61% |
| Return on Average Assets | 1.25% | 0.91% |
| Return on Average Equity | 11.79% | 11.64% |
| Price/Tangible Book Value Per Share | 189.30% | 214.30% |
| Price/LTM Earnings Per Share | 14.2x | 19.4x |
| Dividend Yield | 1.05% | 0.00% |

Comparable Company Analysis for City Holding

KBW used publicly available information to compare selected financial and market trading information for City Holding and a group of selected financial institutions. The comparable group of financial institutions consisted of twelve commercial banks and/or bank holding companies that conducted operations within West Virginia and surrounding states:

| | |
|----------------------------------|-------------------------------|
| Community Banks, Inc. | Community Trust Bancorp, Inc. |
| First Community Bancshares, Inc. | First Financial Bancorp |

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Harleysville National Corporation
Republic Bancorp
Sterling Financial Corporation
Univest Corporation of Pennsylvania

Peoples Bancorp Inc.
S&T Bancorp, Inc.
Union Bankshares Corporation
Wesbanco, Inc.

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The analysis compared publicly available financial information for City Holding for the period ended September 30, 2004 and the financial data of City Holding was compared to the median value of the publicly traded comparable group. The table below sets forth the comparative data as of and for the twelve-month trailing period ended September 30, 2004, with pricing data as of December 21, 2004:

Comparable Group Analysis

| | City Holding | Comparable Group Median |
|--|-------------------------|------------------------------------|
| Total Assets (millions) | \$ 2,215.5 | \$ 2,352.7 |
| Tangible Equity/Assets | 9.23% | 7.43% |
| Loans/Deposits | 81.35% | 92.46% |
| Net Interest Margin | 4.40% | 4.00% |
| Efficiency Ratio | 51.48% | 57.63% |
| Non Performing Loans/Total Loans | 0.14% | 0.50% |
| Loan Loss Reserves/Non Performing Loans | 963.46% | 221.56% |
| Non Performing Assets/Total Assets | 0.10% | 0.39% |
| Loan Loss Reserves/Total Loans | 1.38% | 1.25% |
| Loan Loss Reserves/Non Performing Assets | 846.05% | 177.17% |
| Return on Average Assets | 2.12% | 1.22% |
| Return on Average Equity | 23.12% | 13.86% |
| Price/Tangible Book Value Per Share | 297.90% | 279.60% |
| Price/LTM Earnings Per Share | 14.1x | 18.5x |
| Dividend Yield | 2.40% | 2.30% |

(1) City Holding Price/LTM EPS ratio adjusted to reflect \$5.4 million in non-recurring income related to an insurance settlement, net of taxes at a 35% effective tax rate.

Analysis of Recent Comparable Acquisitions

In rendering its opinion, KBW analyzed pending acquisitions of banking institutions, including those transactions deemed comparable to the merger. KBW compared the acquisition price relative to three industry-accepted ratios: deal price to tangible book value, deal price to last twelve months earnings, and premium to core deposits. The analysis included a comparison of the median, high and low of the above ratios for pending and completed acquisitions, based on the following comparable group: (1) all institutions in the comparable group were commercial banking institutions and/or bank holding companies; (2) all transactions in the comparable group were either announced or completed in 2004; (3) all selling institutions had an asset size below \$1 billion. As a result of these transaction criteria, the following selling commercial banks and/or bank holding companies were used in analyzing comparable transactions:

Summary of comparable merger and acquisition transactions :**Buying Institution**

Alabama National BanCorp.
American River Bankshares
Community Bank System Inc.

Selling Institution

Coquina Bank
Bank of Amador
First Heritage Bank

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Franklin Bank Corp
Glacier Bancorp Inc.
Harrodsburg First Financial Bancorp
IBERIABANK Corp.
Independent Bank Corp.
Metropolitan Bank Group Inc.
National City Corp.
Pinnacle Bancorp Inc.
State National Bancshares, Inc.
TierOne Corp.
Valley National Bancorp
Valley National Bancorp
Webster Financial Corp.
Wintrust Financial Corp.

Cedar Creek Bancshares, Inc.
Citizens Bank Holding Company
Independence Bancorp
American Horizons Bancorp Inc.
Midwest Guaranty Bancorp Inc.
Citizens Bank Illinois NA
Wayne Bancorp Inc.
Financial Services of the Rockies, Inc.
Mercantile Bank Texas
United Nebraska Financial Co.
NorCrown Bank
Shrewsbury Bancorp
First City Bank
Antioch Holding Company

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No company or transaction used as a comparison in this analysis is identical to Classic, City Holding or the merger. Accordingly, an analysis of the results of the foregoing is not mathematical; rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading value of the companies to which they are being compared.

The information in the following table summarizes the material information analyzed by KBW with respect to the merger. The summary does not purport to be a complete description of the analysis performed by KBW in rendering its opinion. Selecting portions of KBW's analysis or isolating certain aspects of the comparable transactions without considering all analyses and factors could create an incomplete or potentially misleading view of the evaluation process.

| | Price to Tangible | Price to last 12 | Core Deposit |
|--|-------------------|----------------------|--------------|
| | Book Ratio (%)* | months earnings (x)* | Premium (%)* |
| Low Value | 179.1 | 15.9x | 7.00 |
| Median Value | 246.6 | 19.8x | 18.10 |
| High Value | 323.4 | 27.1x | 26.00 |
| Implied Multiple of City Holding offer | 270.2 | 18.8x | 23.3 |

* Based on 12/28/04 closing price for City Holding.

Discounted Cash Flow Analysis

KBW performed a discounted cash flow analysis to estimate a range of present values per share of Classic common stock. This range was determined by adding (1) the present value of the current and estimated future cash dividends that Classic could generate through year five of their current business plan (as provided to KBW) and (2) the present value of a terminal value in year five received by applying a range of price to earnings multiples to estimated year five earnings based upon the business plan provided to KBW by Classic management.

In calculating a terminal value of Classic common stock, KBW applied a range of multiples between 12.0x and 16.0x to year five forecasted earnings. In performing this analysis, KBW assumed that there were no restrictions imposed upon Classic in its ability to pay dividends to shareholders and that Classic would maintain its current cash dividend payout ratio of approximately 13.5% of earnings. In addition, KBW used the 2004 budget provided by Classic and relied on Classic management guidance for years two through five as an estimate of future Classic earnings. The combined dividend stream and terminal value were then discounted back to September 30, 2004 (the date of most recent financial information when the analysis was performed). KBW estimated a range of discount rates of 11.5% to 13.5% as the appropriate rate to discount estimated future cash flows for purposes of this analysis. The results of KBW's analysis are set forth in the following table:

| Discount Rate | Terminal Multiple | | | | |
|---------------|-------------------|---------|---------|---------|---------|
| | 12.0x | 13.0x | 14.0x | 15.0x | 16.0x |
| 13.5% | \$28.66 | \$30.93 | \$33.19 | \$35.45 | \$37.71 |
| 13.0% | \$29.28 | \$31.59 | \$33.91 | \$36.22 | \$38.53 |
| 12.5% | \$29.92 | \$32.28 | \$34.65 | \$37.01 | \$39.38 |

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| | | | | | |
|-------|---------|---------|---------|---------|---------|
| 12.0% | \$30.57 | \$32.99 | \$35.41 | \$37.82 | \$40.24 |
| 11.5% | \$31.24 | \$33.71 | \$36.19 | \$38.66 | \$41.13 |

Based on the foregoing criteria and assumptions, KBW estimated that the theoretical present value of Classic common stock ranged from \$28.66 to \$41.13 per share. Given that the value of the consideration on a per share basis to be paid in the merger, as of the date of the opinion, is above the implied theoretical range of present values of estimated future earnings, KBW believes that this analysis supports the fairness, from a financial point of view, to Classic and its shareholders of the consideration to be paid in the merger.

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The discount dividend analyses of Classic do not necessarily indicate actual values or actual future results and do not purport to reflect the prices at which any securities may trade at the present or at any time in the future. Dividend discount analysis is a widely used valuation methodology, but the results of this methodology are highly dependent upon numerous assumptions that must be made, including earnings growth rates, dividend payout rates, terminal values, projected capital structure, and discount rates.

The information contained herein provides a summary description of the material analyses prepared by KBW in connection with the rendering of its opinion. The preparation of a fairness opinion is not necessarily susceptible to partial analysis or summary description. KBW believes that its analysis and the summary set forth above must be considered as a whole and that selecting portions of its analysis without considering all analyses, or selecting part of the above summary, without considering all factors and analyses, would create an incomplete view of the process underlying the analysis set forth in KBW's presentation and opinion. The ranges of valuations resulting from any particular analysis described above should not be taken to be KBW's view of the actual value of Classic or City Holding. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis.

In preparing its analysis, KBW made numerous assumptions with respect to industry performance, business and economic conditions and other matters, many of which are beyond the control of KBW. The analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses and do not purport to be appraisals or reflect the prices at which a business may be sold or the prices at which any securities may trade at the present time or at any time in the future. In addition, as described above, KBW's opinion, along with its presentation to Classic's Board of Directors, was just one of the many factors taken into consideration by Classic's Board of Directors in approving the Merger Agreement.

Pursuant to its engagement letter with Classic, KBW will receive a fee equal to one percent of the merger value (approximately \$700,000) plus reimbursement of expenses. As of the date of this proxy statement/prospectus, KBW has received \$85,000. Classic has also agreed to indemnify KBW against certain liabilities, including liabilities under the federal securities laws, and to reimburse KBW for certain out-of-pocket expenses.

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THE MERGER AGREEMENT

Conditions to the Merger

The obligations of City Holding and Classic to consummate the merger are subject to the satisfaction or waiver on or before the completion of the merger of many conditions, including the following:

no statute, rule, regulation, judgment, decree, injunction or order of any governmental authority will be in effect which prohibits the consummation of the transactions described in the Merger Agreement;

the Merger Agreement must receive the approval of the shareholders of Classic. The Boards of Directors of City Holding and Classic have already unanimously approved the Merger Agreement;

the subsidiary merger must be approved by City Holding and Classic as sole shareholders of City National and Class Bank, respectively;

no stop order suspending the effectiveness of the registration statement, of which this proxy statement/prospectus is a part, shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the Securities and Exchange Commission;

all consents, approvals or notices of or to governmental authorities that are required for the performance of the transactions contemplated in the Merger Agreement shall have been obtained without the imposition of conditions that would have a Material Adverse Effect (as defined below) on City Holding or Classic;

all material consents or approvals of persons other than governmental authorities that are required for the execution, delivery and performance of the Merger Agreement shall have been obtained; and

all permits and other authorizations under applicable state securities laws necessary to consummate the transactions contemplated in the Merger Agreement and to issue the shares of City Holding common stock to be issued as consideration in the merger shall have been obtained and remain in full force and effect.

The obligation of City Holding to consummate the merger is also subject to fulfillment of other conditions, including the following:

the representations and warranties of Classic set forth in the Merger Agreement shall be true and correct as of the effective time of the merger unless the inaccuracies arising after the date of the Merger Agreement do not or will not have a Material Adverse Effect. For purposes of the Merger Agreement, Material Adverse Effect was defined to mean, with respect to City Holding or Classic, any event or circumstance which is material and adverse to the assets, financial position, results of operations or business of City Holding and City National, taken as a whole, or Classic and Classic Bank, taken as a whole, or materially impairing the consummation of the merger except for (1) legal and accounting changes generally applicable to depository institutions, except accounting changes which disproportionately and materially impact Classic, Classic Bank, City Holding, or City National, (2) changes in levels of interest rates provided such changes do not disproportionately and materially impact Classic or Classic Bank or City Holding or City National, respectively, or the credit quality of Classic Bank's or City National's assets, (3) merger expenses and expenses related to employment

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or severance contracts or benefit plans contemplated by the Merger Agreement, (4) the impact of the announcement of the Merger Agreement and the transactions contemplated thereby on the parties, (5) a military or terrorist attack within the United States or on any of its possessions or offices, and (6) increases in reserves of Classic or Classic Bank contemplated by the Merger Agreement;

Classic shall have performed, in all material respects, all obligations required by the Merger Agreement to be performed by it at or prior to the effective time of the merger;

City Holding shall have received a legal opinion from counsel for Classic on certain matters relating to the merger;

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City Holding shall have received an opinion from Barnes & Thornburg LLP that the merger constitutes a reorganization for purposes of section 368 of the Code, as amended; and

the Closing Book Value of Classic shall not be less than \$36,676,000, which was the consolidated shareholders' equity of Classic as of September 30, 2004. For this purpose, Closing Book Value means the consolidated shareholders' equity of Classic, as of the month ending immediately preceding the effective date of the merger plus the amount of any expenses of the merger or the subsidiary merger plus any reduction of shareholders' equity taken as a result of accruals, reserves or charges taken by Classic pursuant to the Merger Agreement; provided that any change in the value of Classic's intangible assets and any increase or decrease in the value of Classic's securities portfolio since September 30, 2004 shall be excluded from the calculation of the Closing Book Value.

As the Closing Book Value will be determined as of the end of the month immediately preceding the effective date of the merger, it is not possible, as of the date of this proxy statement/prospectus, to determine whether the foregoing condition has been satisfied. Assuming, for purposes of illustration only, that the effective date occurred in April of 2005, the Closing Book Value condition would have been satisfied.

The total number of deposit accounts of Classic (excluding all certificates of deposit and any municipal or public deposit accounts exceeding \$200,000, individually) as of the end of the month immediately preceding the effective date of the merger shall not be less than 97% of the level of such deposit accounts at September 30, 2004.

As the total number of deposit accounts of Classic will be determined as of the end of the month immediately preceding the effective date of the merger, it is not possible, as of the date of this proxy statement/prospectus, to determine whether the foregoing condition has been satisfied. Assuming, for purposes of illustration only, that the effective date occurred in April of 2005, the total number of deposit accounts condition would have been satisfied.

each of the directors of Classic and Classic Bank who are not employees of Classic or Classic Bank shall have entered into three-year non-compete and non-solicitation agreements in the form contemplated by the Merger Agreement; and

David B. Barbour, President and Chief Executive Officer of Classic and Lisah M. Frazier, Chief Operating Officer and Chief Financial Officer of Classic, shall have entered into three-year non-compete and non-solicitation agreements and Robert S. Curtis, Executive Vice President of Classic, shall have entered into an 18-month non-compete and non-solicitation agreement with City Holding and City National.

The obligations of Classic to consummate the merger are also subject to the fulfillment of other conditions, including the following:

the representations and warranties of City Holding set forth in the Merger Agreement shall be true and correct as of the effective time of the merger, unless the inaccuracies arising after the date of the Merger Agreement do not or will not have a Material Adverse Effect;

City Holding shall have performed in all material respects all obligations required to be performed by it under the Merger Agreement at or prior to the effective time of the merger;

Classic shall have received a legal opinion from counsel for City Holding on certain matters relating to the merger; and

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Classic shall have received an opinion from Barnes & Thornburg LLP that, as of the closing date of the merger, the merger constitutes a reorganization for purposes of Section 368 of the Code, as amended, and that no gain or loss will be recognized by Classic shareholders to the extent they receive shares of City Holding common stock as consideration for shares of Classic common stock.

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Additionally, the completion of the merger is subject to the receipt of officers' certificates and other documents. If these and other conditions are not satisfied or waived, City Holding and/or Classic may terminate the Merger Agreement.

Expenses

Each party has agreed to pay its own expenses in connection with the merger transaction, provided that the parties will share the expense of printing and mailing this proxy statement/prospectus.

Termination Fee

If, prior to the effective time of the merger, the Classic Board of Directors fails to recommend the approval of the Merger Agreement to the shareholders of Classic or, in good faith and, after consulting with legal counsel and its financial advisor, accepts what it considers to be a superior proposal to acquire Classic from a third party, Classic is required to pay a termination fee of \$2,300,000 to City Holding. Further, if the Merger Agreement is terminated solely by reason of the failure of Classic to receive shareholder approval of the merger after another party has publicly announced a proposal to acquire Classic, and, within 12 months after the date of termination of the Merger Agreement, a change in control of Classic is consummated, Classic is required to pay a termination fee of \$2,300,000 to City Holding.

Treatment of Options to Acquire Shares of Classic Common Stock

The Merger Agreement provides that each option to acquire shares of Classic common stock outstanding on the effective date of the merger shall be converted into the right to receive from City Holding, at the effective time of the merger, an amount in cash equal to the sum of the City Holding Average Stock Price times 0.9624 plus \$11.08 minus the per share exercise price for each share subject to a Classic stock option. The outside directors of Classic hold stock options for 109,435 shares of Classic common stock which they have agreed not to exercise prior to the closing of the merger so those options will be cashed out for approximately \$2.15 million (based on an estimated City Holding Average Stock Price of \$30.39 per share). There are options for an additional 79,496 shares which are currently outstanding and which may be exercised prior to the closing of the merger. If all of these shares were cashed out at closing, assuming a City Holding Average Stock Price of \$30.39, City Holding would pay an aggregate of approximately \$2.07 million to cash out those options.

Treatment of 401(k) Plan of Classic

Classic Bank maintains a 401(k) Savings and Profit Sharing Plan and Trust (the "Classic 401(k) Plan") and City Holding maintains a 401(k) Plan and Trust (the "City Holding 401(k) Plan"). As soon as practicable following the effective time of the merger, subject to applicable law and the requirements of the City Holding 401(k) Plan, City National shall assume the Classic Bank 401(k) Plan, merge such plan into its own City Holding 401(k) Plan, and amend as necessary the participation agreement of such merged plan so that (a) after the effective time of the merger, employees of Classic Bank who become employees of City Holding and its subsidiaries will accrue benefits pursuant to the merged plan, and (b) after the merger of those plans, former Classic Bank employees participating in the merged plan shall receive credit for eligibility and vesting purposes, for the service of such employees with Classic Bank prior to the effective time of the merger as if such service were with City Holding and its subsidiaries; provided that the benefits of any such former Classic Bank employee in respect of service prior to the effective time of the merger shall be determined under Classic Bank's contribution formulae and such benefits after the closing of the merger shall be determined under City Holding's contribution formulae.

Treatment of 1996 Recognition and Retention Plan

The Merger Agreement provides that any unvested awards of restricted stock under Classic s 1996 Recognition and Retention Plan will be vested prior to the closing of the merger. Such shares will be converted

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into the merger consideration on the effective date of the merger on the same basis as other outstanding shares of Classic common stock. The total number of shares under this plan as of the date of this proxy statement/prospectus is 52,786 and the number of shares anticipated to be vested prior to the effective date of the merger is 160.

Treatment of Employee Stock Ownership Plan

Upon the effective time of the merger, the Classic Bancshares, Inc. Employee Stock Ownership Plan (the Classic ESOP) will be terminated, and all shares of Classic common stock in the Classic ESOP on the merger's effective date will be converted into the merger consideration payable to holders of Classic common stock. All of the outstanding indebtedness of the Classic ESOP which is owed to Classic will be repaid (which at December 31, 2004 totaled \$612,711), and any assets remaining in the suspense account under the Classic ESOP will then be allocated to the respective participants' accounts. The net assets of the Classic ESOP will be distributed to the participants and their beneficiaries, subject to the receipt of a favorable tax determination letter from the Internal Revenue Service on the termination of the Classic ESOP. Classic Bank may make contributions to the Classic E